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ATION'S

BUSINESS



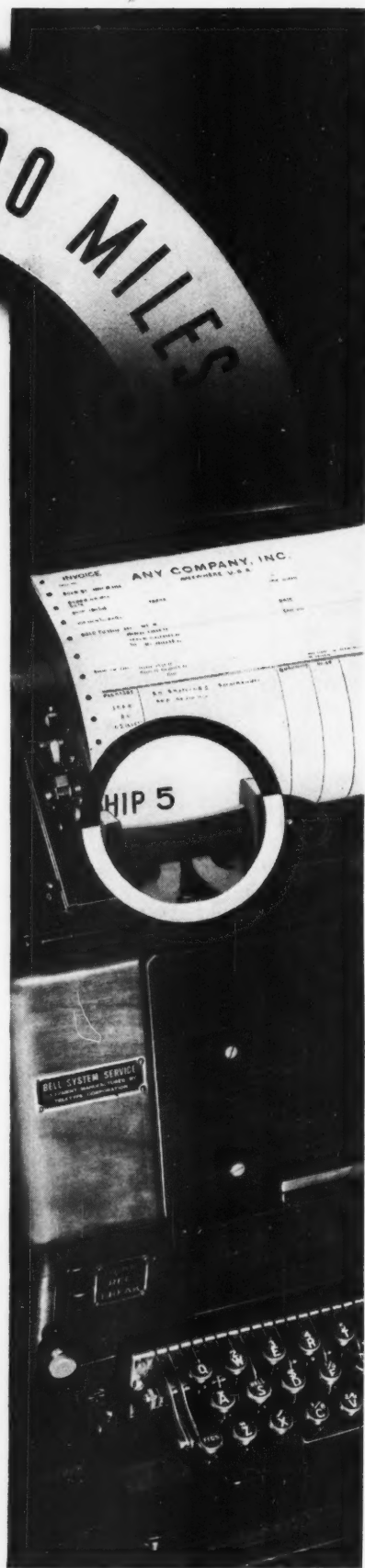
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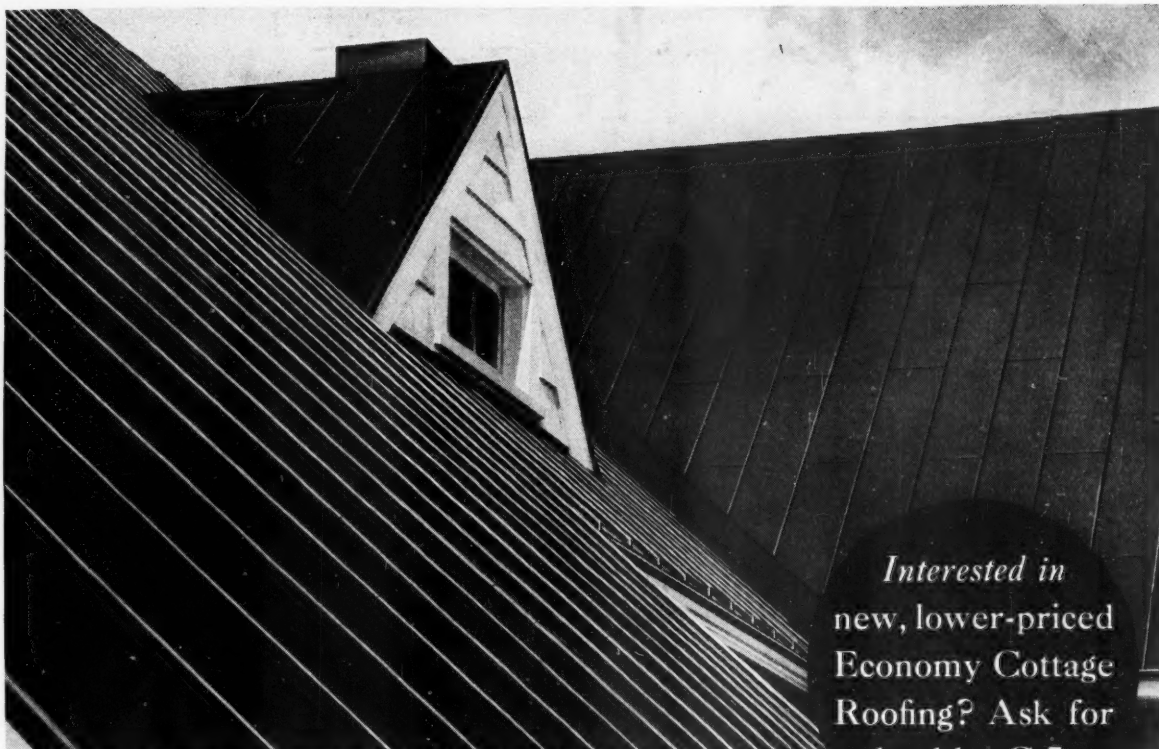
BY PRESSING a key on a Bell System teletypewriter machine, the same character is typed on every connected machine—simultaneously. You can send typewritten messages between adjacent factory buildings or scattered sales offices, with speed and accuracy. Any number of machines anywhere may be interconnected.

Flexibility makes the teletypewriter a vital part of many businesses. Messages, price changes and credit information are flashed back and forth. Detailed orders and invoices are transmitted on printed forms like those illustrated—making the required number of copies at one or more connected points—in one operation. All copies are identical. No need for rewriting and checking.

Bell System Teletypewriter Service co-ordinates the separate units of one organization, speeds up service to customers, pays for itself in economies. Firms like Sinclair Refining Company, Wilson Brothers, Chrysler Motor Parts Corporation, Reading Iron Company, have proved its value. The service is available either on a Private Line or Exchange basis. Your local Bell Company will be glad to discuss it more fully, without obligation.

BELL SYSTEM TELETYPEWRITER SERVICE





Anaconda Economy Cottage Roof on a residence in Cheshire, Connecticut.

Interested in
new, lower-priced
Economy Cottage
Roofing? Ask for
booklet C-7.

Rebuild with Durable Materials *to prevent excessive depreciation and repair expense*

Throughout the building field . . . on the basis of service per year per dollar . . . copper, brass and bronze have economically replaced materials which are less durable, and hence more costly in the long run. Among the many applications in which copper and its alloys are serving economically, roofing now assumes greater significance. For Anaconda has developed two new products—(1) a low-cost standing seam sheet copper roof for residences and (2) a copper-asphalt built-up roof for industrial buildings and flat-roofed residences.

Anaconda Economy Cottage Roofing

The durability of copper roofing is traditional; age and service enhance its charm. Furthermore, a copper roof is light in weight, and fire-safe. The newly developed Anaconda Economy Cottage Roofing brings



time-honored copper to a point where its widespread use may economically effect important roof maintenance savings for thousands upon thousands of homeowners. For this new product, installed, *costs no more* than commercial quality slate.

"Electro-Sheet" for Built-up Roofs

Here is news for industry! Imagine the asphalt in a built-up roof retaining its original softness and pliability indefinitely! Yet it does just that when applied with alternate layers of inexpensive Anaconda "Electro-Sheet" Copper. "Electro-Sheet" is not rolled, but electrolytically deposited. For built-up roofing it weighs but two ounces per square foot—comes in long, wide rolls which are easily handled, easily applied. Think of the maintenance savings, and send for booklet D-2 for further information.

FHA Now, loans up to \$50,000 for improvement of business properties and industrial plants as well as smaller loans for residential modernization and new construction. We will gladly undertake to answer any specific questions you may have concerning FHA aid in financing.

THE AMERICAN BRASS COMPANY

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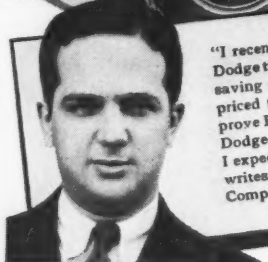
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"Getting 2 FREE Miles a Gallon With My Dodge Truck"

"EXPECT TO SAVE ABOUT \$100 ON GAS AND OIL" says T.M. SCHIMBERG Chicago, Ill.



Dodge 1½-Ton Stake, 162' w. b.—\$740*



"I recently bought one of the new low-priced Dodge trucks and on checking up I find that the saving on gas and oil over my previous low-priced trucks is certainly amazing. My figures prove I'm getting 2 free miles a gallon with my Dodge truck. Figured on an average year of use, I expect to save about \$100.00 on gas and oil," writes Mr. Schimberg, of Manhattan Bottling Company, 306 W. 29th St., Chicago, Illinois.

18 MONEY-SAVING FEATURES IN DODGE CHASSIS..

Engine Designed for Extra Economy



DODGE 1½-TON CHASSIS, 137' W. B.

Gives you 18 high-priced, money-saving features that save money on gas, oil, tires and upkeep—add years to the life of your truck.....

\$495*



DODGE COMMERCIAL PANEL, 119' w. b.

—6 cylinders. America's smartest commercial car, now priced with the lowest. 18 high-priced features, to save you money every mile it travels....

\$595*

No wonder thousands of truck buyers, amazed at Dodge's "more-for-the-money" features, are turning to Dodge trucks to save money. Dodge trucks, with their 17-year old reputation for long life and low running cost, are now priced down with the lowest.

Nowhere else in the low price field can you buy a truck with all of Dodge's 18 recognized, high-priced, money-saving features. Hydraulic brakes save you money on tires... brake adjusting... brake relining! Full-floating rear axle cuts repair costs and prolongs truck life! 4-ring pistons save gas. Special alloy exhaust valve seat inserts save gas and postpone valve-grinding

expense thousands of extra miles. Full-length water jackets prolong engine life and save gas and oil. Only Dodge in the lowest-priced truck field gives you all these features... and a dozen more besides.

Before you buy any low-priced truck be sure you check Dodge. Satisfy yourself that you get the most for your money. Get the features you know will save on gas and oil, and cut upkeep costs. See your Dodge dealer, and get a show-down of truck values today.

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List prices at factory, Detroit, subject to change without notice. Special equipment, including dual wheels on 1½-ton models, extra. Time payments to fit your budget. Ask for the official Chrysler Motors Commercial Credit Plan. (Dodge Passenger Cars \$645 and up.)

\$365*
AND UP

Dependable

DODGE TRUCKS

PRICED WITH THE LOWEST!

Built to Outlast Them All!

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VOLUME 23

NUMBER 8

NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

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NOW LOSE THEIR TERROR

when you have **LIFE GUARD TUBES** in your tires

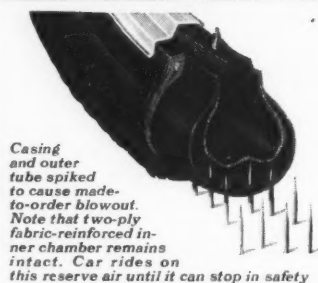
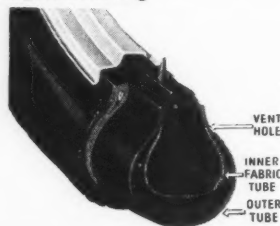
This is not an advertisement for a "blowout-proof" tire — for any tire, if it becomes old enough, weak enough, or receives a sufficiently violent blow, will burst.

What you are now offered is a new kind of inner tube, which eliminates *the awful swinging and swerving of an uncontrollable car in that instant after a blowout occurs.*

It is a tube with two air chambers—a tube within a tube—so constructed that you will be enabled to ride temporarily on reduced pressure, even if the outer case and outer tube are suddenly torn wide open.

The purpose of this second tube — this second line of defense — is to prevent that sudden collapse of the tire which occurs when *all* the air escapes — and to give the driver a precious interval of time in which to make a

How **LIFE GUARD** Tube looks inside tire during normal driving



**LIFE GUARD
TUBE**

safe stop, with the car under control.

Fittingly, this new tube is named "**LIFE GUARD.**"

Before giving it this name, we tried literally hundreds of tests — sliced, spiked and exploded tires on the wheels of cars speeding at 50 to 70 miles an hour.

And in the course of these tests, we developed 1300 different constructions — for it is a serious thing to offer such a safeguard unless it has been perfected.

We can tell you now, from our own test-fleet experience, that the **LIFE GUARD** Tube lives up to its name so com-

pletely that in all its hundreds of tests, it never failed to enable a stop in safety.

LIFE GUARD Tubes are neither cheap to build nor cheap to buy. Their mission is not to save money but to save life.

THE GREATEST NAME IN RUBBER

GOOD YEAR

MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

THE ENGINEERS VOTED "AYE"!

AND IT WAS a rousing chorus, too. We're talking about a recent poll of engineers to determine what new materials they were adopting or considering. It was a veritable landslide. 44% of them voted for one material,—and that material was stainless steel!

Questioned as to the particular physical properties they considered most important in the selection of materials, 45% of the engineers gave the palm to stainless steel's resistance to corrosion. 38% of them picked it for its beauty of surface, and ability to acquire and hold various lovely finishes. In fact, in all of the properties the engineers considered most desirable, stainless steel led the field.

For business executives, there is matter for deep reflection in those returns. If ever the finger of destiny has pointed to a material, it is stainless steel.

Occasion for Thought

CONSIDER the famous Allegheny Metal, for example. In addition to the virtues singled out by the engineers, it is highly resistant to wear and oxidation—even at high temperatures—and twice as strong as ordinary steel. It is available in wire, tubing, strips, bars, sheets, forgings and castings. It is easily welded or machined, readily bent or formed to various shapes.

What are the possibilities of Allegheny Metal? Rather, what *can't* you do with a material so ideal!

.....

ALLEGHENY METAL—the time-tested stainless steel of universal application—is a product of ALLEGHENY STEEL COMPANY, Brackenridge, Pa.; who also manufacture electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Sons, Inc. Warehouses, by Union Hardware & Metal Co., Los Angeles, and by American Brass & Copper Co., San Francisco.

Allegheny Metal is licensed under Chemical Foundation patents 1,316,377 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

Why business "takes it"

AN unusually heavy mail this month. Through it all, bewilderment. Many queries, but one bobs up again and again: "Why the continuous political attack upon business and business men?"

There are millions of men and women, black and white, free and twenty-one, who vote. There is no property qualification; there is no intelligence test. The closest tie to a man's political belief is, perhaps, his job and its pay. His loyalty to an existing political or economic order is determined by his state of mind toward his job. His sensitiveness to his economic condition makes him and his family a blotting pad for impressions—good, bad and indifferent.

Times like these set the stage for the demagogue who says the things the voter most likes to hear—that someone is to blame for his predicament. Naturally, the ogre is painted as the employer, and to arouse passions, he is pictured as conspiring constantly against the employee. It is an easy step to indict employers as a whole (business) and the economic system.

CLOSELY follows this question: Why does the business man take it lying down; why doesn't he fight back?

The business man *feels* when he doesn't *know* that he and his associates are victims of half-truths and downright lies. He has not the evidence with which to answer a charge against a fellow business man in another state. He reads in the *New Republic* that a company maliciously turned out inferior articles to accomplish a selfish end. He has no way of knowing that the charge was made by a disgruntled employee, and that a judge and jury dismissed the case. He has no way of knowing the half-truth of a radio priest's charge against a bank. In other words, although he *feels* that there must be another side to such stories, he has other things to do than to appoint himself attorney for the defense, collect evidence, and present the case.

Furthermore, to present the case, he has not accorded to him by press and radio the opportunity for expression which is given the lowliest seeker after the humblest political office.

The unusual, exceptional, in daily life is news. Detractors of American business make it appear that the unusual incident is the rule. The tragedy of today is that we have lost our perspective; particulars become the general.

To "fight back," then, appears to the business man as futile as to fight a pillow.

No hat for white rabbits

THE economic illiteracy of the millions of voters is deplorable. Teachers, preachers, political exhorters, are the forces to which the nation should look for the intellectual guidance of the masses. Unfortunately, they, too, are ignorant of the complexities, and even the simpler processes, of business life. It is unfair to expect the fighting forces in the management line to undertake this education. Some executives have assumed this additional duty. Yet greater effort is necessary if the sound features of our economy are not to be wrecked on the rock of ignorance.

For example: Much unrest is caused by the agitation for a more equal distribution of income. How many managers have presented facts to show just what the situation is? One, I happen to know, took the total amount his corporation had paid out in salaries, interest and dividends over ten years. If all of this had been distributed to labor, skilled and unskilled, each workman would have received less than one cent per hour more than he did receive. When this was shown to the workers, it quickly restored morale.

This figure squares with the national picture. Suppose all salaries, dividends and interest charges during 1928, a good year, or 1932, a bad year, had gone to labor? The worker would have received about \$10 per month more, or two cents an hour, if

ONLIWON TOWELS CERTAINLY DO A THORO JOB



THAT'S WHY THEY'RE MORE ECONOMICAL

A. P. W. Onliwon Towels have a consistent record for economy in actual use. They should have. For they are made specifically for the job expected of them—drying hands and faces. Onliwon Towels are soft and pleasant to use. They have just the right combination of strength and absorbency to stand up thru a single using without sacrificing drying qualities. They are amply large and dispensed double-folded to make sure every square inch of drying surface actually gets used. Try an A. P. W. Onliwon Towel yourself—and see how thoroly each one does its job.

Onliwon Towels are dispensed from their cabinets one at a time, double-folded and ready for use. A single towel is always ready for instant service, while the remainder are protected against dust and dirt, kept safe from careless use and theft. Onliwon Cabinets are easy to install and fill—and the supply of towels may be replenished when the cabinet is partially empty. This eliminates the wasteful practice of leaving extra towels on top of cabinets or shelves.

Get in touch with the A. P. W. representative in your locality. Get the full story on A. P. W. Onliwon economy and service and prove to yourself the practical advantages and real economy of Onliwon Towels and Tissue as well. If no A. P. W. representative is listed in your phone book, write for samples to: A. P. W. Paper Co., Albany, N. Y.

A.P.W.

THERE'S REAL ECONOMY IN ONLIWON TOWELS AND TISSUE

his tools, financing, managing, selling, had been given free. Such facts readily lead the most indifferent to the conclusion that the present-day zeal to pull beautiful white rabbits out of a hat is misguided, because even the hat isn't there!

The times call for realism. They call for business leaders who will devote some of their driving enthusiasm to the task of economic enlightenment. It must be done with patience; impatience is too often construed as arrogance. It must be done with humility, a sincere desire to search together for the answer.

No quarter for fallacies

NINETEEN years ago this month NATION'S BUSINESS dedicated itself to a search for economic light; to its presentation; and thereby to contribute something to the fight against economic illiteracy. It has tried never to express an opinion without at the same time presenting the facts to support that opinion. It has sought to simplify, to make clear, to humanize the complex life we call Business.

Many managers of business enterprises have caught up material from these pages and passed it on to an ever-widening circle of associates and employees. Reprints of various articles sent out in response to such requests have numbered millions. This has been most gratifying.

For example, if experience is any guide, many fathers and employers will want to pass on to sons and employees the letter, "Where Your Job Comes From," in this number, as it is just the sort of a letter that one would write to his son or nephew if he had the time to do so.

Wholesalers, warehousemen and retailers will doubtless desire to pass on the story of the potato. Other executives will copy or pass on the corporation statement in "Why Not Humanize Your Figures?" And so on.

The magazine supplies these at the cost of printing, and, in this way, assists the individual who wishes to do his little bit in dispelling popular fallacies about his business.

As we like it:

EXCERPTS from two letters in the morning's mail:

The June issue of NATION'S BUSINESS . . . in no place has anyone suggested ideas except to make the rich richer and the poor poorer. . . .

Sooner or later the past privileged few will be compelled to release accumulations for the comfort of those undernourished.

—G. E. L., Bourneville, O.

I was much pleased with the June issue. Pleased, for so many of the writers expressed my views in much clearer and in more forceful language than I can myself command. Pleased, with the in-

formation that was given in other articles. Pleased, to know that so many prominent citizens of our great country are still able to think clearly and in this day of stress are still in accord with sound principles.

—W. E. H., Wellsboro, Pa.

What next?

AUGUST H. TUECHTER, president of the Cincinnati Bickford Tool Company of Cincinnati, Ohio, writes:

... if Washington would let us alone for a while and discontinue everything that is non-constructive, retarding and confidence-destroying, business would gradually find itself. But the way it is now we are living in a time when every minute the question arises "what next."

The last sentence in the foregoing paragraph says everything that could be said in a full-page editorial. To it might be added the belief of President Woodrow Wilson, in a message to Congress, that

Nothing hampers business like uncertainty. Nothing daunts or discourages it like the necessity to take chances, to run the risk of falling under the condemnation of the law before it can make sure just what the law is.

Magna Carta or a Judas kiss

THE Federation of Labor has got its Wagner bill signed, sealed and delivered. Henceforth it will be known as the National Labor Relations Act. In the future we shall have more of Section 9 (a) of NLRA and less of Section 7 (a) of NIRA. Its proponents modestly call it "Labor Magna Carta."

The new Board of three \$10,000 a year men has great power. It can decide what group of employees have the power of collective bargaining with employers. If charges of "unfair labor practice" are made against an employer, the employer may be brought to trial and if

... the Board shall be of the opinion that any person named in the complaint ... is engaging in any such unfair labor practice, then the Board shall issue an order requiring such person to cease and desist from such unfair labor practice, and to take such affirmative action, including reinstatement of employees with or without back pay, as will effectuate the policies of the act. Such order may further require such person to make reports from time to time showing the extent to which it has complied with the order.

Great power in the hands of a federal agency! Great and dangerous powers over working conditions, great possibilities for employee domination of industry with a complaisant board. Moreover, "nothing in this Act shall be construed so as to interfere with the right to strike."

All for organized labor is the first thought on reading the text of the Act. But have the unions nothing to



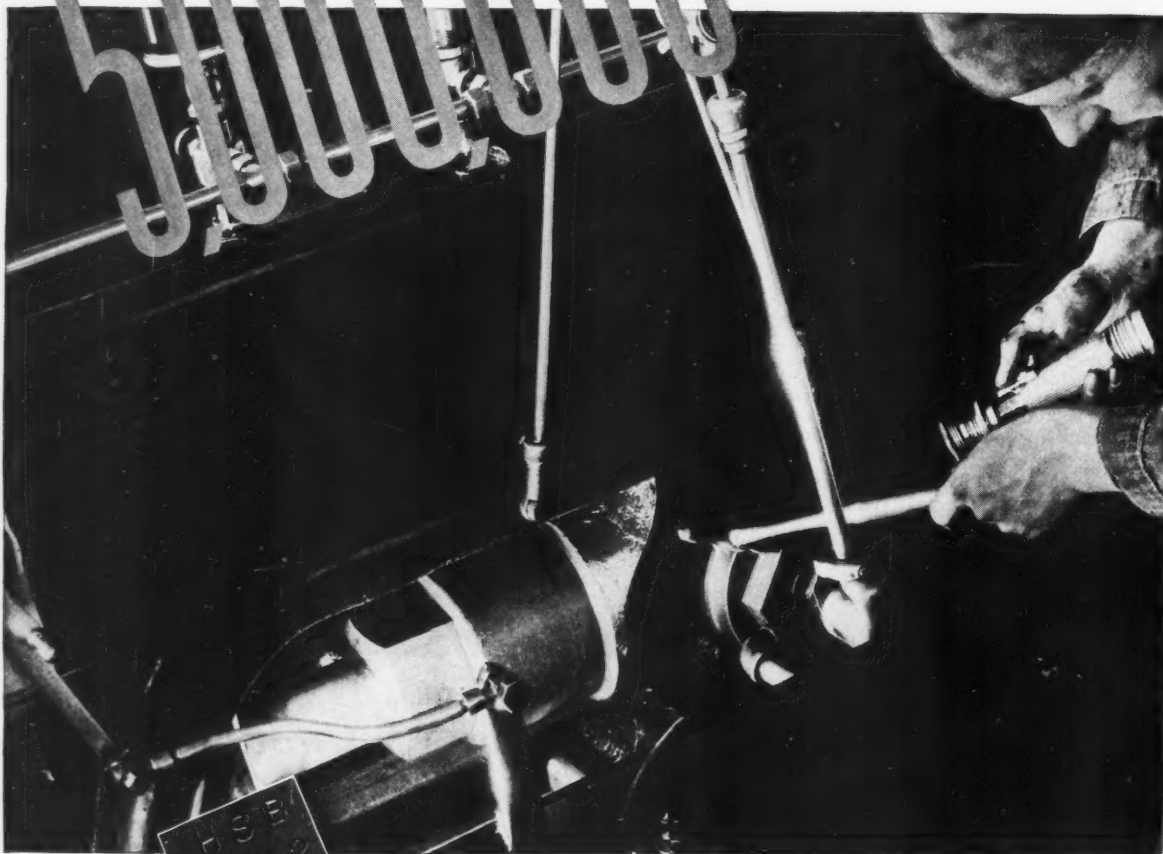
The Ever-widening Circle

A pebble dropped in a pond causes little ripples to roll outward ... onward ... in an ever-widening circle. • In much the same manner the reputation of the Standard of Detroit has steadily spread ... • Today, an ever-widening circle of more than a million protected people attests to its integrity and its unquestioned ability to meet all just claims. • One of the principal reasons for the spread of Standard's good reputation is the high caliber of its agents. Standard's 6,500 representatives throughout America, are the highest type of citizens. When they prescribe for your casualty insurance and bonding problems you can be confident that the coverages they recommend are right ... and that when emergencies arise your claim will receive the prompt, individual attention that you have a right to demand.

Automobile Insurance • Personal Accident and Sickness • Burglary and Holdup • Plate Glass Breakage • Liability (all forms) • Workmen's Compensation • Fidelity and Surety Bonds (all forms)

STANDARD
ACCIDENT INSURANCE COMPANY
of Detroit

5,000,000
**miles a year to protect
 industry's power!**



A Hartford inspector checking an engine



Of all the premiums paid for boiler and machinery insurance in the United States, about half are paid to obtain policies bearing this familiar seal, hall-mark of the largest purely engineering insurance company in the country. 90% of all power boilers built for America's industrial plants bear this other imprint, the Hartford Steam Boiler stamp of approval.

LACK of business will close a plant. But so will lack of power! A boiler explosion or engine breakdown can bring quick disaster — and halt earnings likewise! Let Hartford Steam Boiler keep your wheels turning by helping to keep your power plant safe!

At a conservative estimate, Hartford Steam Boiler field men each year travel 5,000,000 miles in the line of duty. Located at strategic points throughout the country, they go from plant to plant, to remote factory sites in the hills and to the nation's greatest industrial centers — probing, peering, trouble-shooting — that power plants may be safe! Their record of more than

17,000,000 inspections through the years is unapproached.

Hartford Steam Boiler insures against loss from accidents to power, pressure, and refrigerating apparatus. To prevent such accidents, the talent of its trained inspecting force — augmented by the largest specialized engineering staff of its kind anywhere — is skilfully, wisely applied to your business.

A business can do without plant protection. A man can do without life insurance. But to the concern which would operate efficiently, safely, profitably — Hartford Steam Boiler provides a protection that counts! Telephone your local agent or broker for the interesting facts.

**THE HARTFORD STEAM BOILER
 INSPECTION AND INSURANCE COMPANY**

HARTFORD, CONNECTICUT

fear from this entering wedge of government domination of wages and working conditions? Administrations change, boards change. Politicians relish power and seek more power. Already there are reports that old and wise heads among labor leaders are not sure that the new law will prove an unmixed blessing.

Getting our eagles straight

THIRTY-FIVE years ago, Francis Hobart Herrick, a professor of biology at Western Reserve University, began looking into the lore of eagles. What he learned he put into a book, "The American Eagle" (Appleton, \$3.50). It turns out by Dr. Herrick's digging that one of the pillars of the young republic, Benjamin Franklin, was rather low in his mind about the qualities of eagles. The turkey was more to his liking. In 1784 he wrote his daughter:

I wish that the bald eagle had not been chosen as the representative of our country. He is a bird of prey of bad moral character; he does not get his living honestly; you may have seen him perched on some dead tree, where, too lazy to fish for himself, he watches the labor of the fishing hawk, and when that diligent bird has at length taken a fish, and is bearing it to his nest for the support of his mate and young ones, the bald-headed eagle pursues him and takes it from him. . . . Like those among men who live by sharpening and robbing, he is generally poor and often very lousy. Besides, he is a rank coward.

This bleak criticism rallied Dr. Herrick to the defense of the eagle. To his way of thinking,

The fathers of our country made no mistake. The American eagle is the only one peculiar to the United States; he is a true native son, being found only on the continent of North America. . . . He nests high, as near to the sun as he can get, like a true bird of Jove and a messenger of the star of day. He is a model parent and probably spends more time . . . in rearing his family and giving his progeny a fair start in life than any other bird known to this continent, if not to the world. He does not live entirely or mainly by "robbing and sharpening." . . . Above all, the eagle is no rank coward.

Observing the ways of the eagle has been a required course in American citizenship. The fact that the bird recently suffered a change of heart, as well as of color, now seems more attributable to expediency than to evolution. To some, Dr. Gus Dyer of Vanderbilt University, for example, the bird, anyway, is in danger of being displaced as the national emblem by the oyster.

Silly season stuff

A CONNECTICUT newspaper is sure that "it has been quite easy for our billionaires to buy their laws from our political office holders." It adds, "with

their wealth they could control everything but the weather. Even Congress has not found a way to alter the weather. It has mused up the Constitution and it has raised hell with everything in general, but God alone still directs the elements." A way of saying, perhaps, that the Capitol's air conditioning system is unconstitutional.

SEATTLE gives its taxpayers a run for their money. A civic holiday was declared by the city administration so that "the taxpayers may gather in the park and laugh at no expense to themselves—for once." And the mayor added, "it takes their minds off their troubles." In one event, men in nightshirts, carrying calico cats and lighted candles charged through the park barefoot "while six thousand of their fellow citizens laughed hysterically." At this distance it is impossible to tell whether the idea has anything in common with the old Roman political sop of bread and circuses. Perhaps the nightshirt is only a toga gone American.

IN Washington, D. C. there are camps for transient unemployed. There is a "director of mental recreation." Among other things she organizes weekly debates. Recently, the subject of debate was

RESOLVED, a transient is a pioneer and not a vagrant.

WE found a telegram to Mr. Mellon but could not find his answer—A U. S. Senator.

Maybe he didn't answer it.

MY telephone had a clicking sound as if someone were listening in. Of course, I can't prove it was the Power Trust, but everybody knows they do such—A Congressman.

Maybe the receiver on the extension 'phone was off the hook.

YOU see, we talked of two things, the Quoddy project, and the Holding Company bill. It is reasonable to suppose that the two subjects got mixed up at times.—A Congressman's defense of Mr. Corcoran, accused by Congressman Brewster of attempted bribery.

A situation raising its own delicate questions of time and tide.

RESOLVED: that the railroads of the country be required to transport their passengers between any two given points for the flat sum of \$1.00—State Senator Hastings, of New York.

Fair enough for long hauls, but shouldn't the short hauls be lower? And why not a similar fiat on Pullman rates?

You WHO ARE Management

● Throughout recent years, Management has drastically curtailed expenditures for plant equipment. The "savings" so effected are not real savings. Obsolete equipment means high product cost, and there is no greater sales disadvantage.

But now a remarkable event for Management occurs. The new and improved machine developments of six years—as revolutionary as those of the preceding twenty years—are brought together beneath one roof, in operation, to show the cost-reducing, quality-improving possibilities of modernization . . . to show the way to products profitably made to sell at prices that will broaden markets.

You, who are Management, come, with your mechanical executives, and explore this Show!

FIVE ACRES OF MACHINE TOOLS IN OPERATION—AMERICA'S LARGEST AND MOST IMPORTANT INDUSTRIAL EXPOSITION

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MACHINE TOOL SHOW

CLEVELAND—SEPT. 11-21



Why does American Can Company concern itself with problems of retail merchandising?

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...but

S O L D

isn't the word

To some salesmen, selling means getting goods into *stores*. But the smart sales manager knows selling means getting goods into *homes*.

He knows it is easier to put his product *on* the shelves than it is to move it *off*. Knows that good distribution means little without good merchandising. Knows that the package, the display, the entire merchandising and selling plan, must be designed to get *action* over the retail counter.

If you are looking for ways to get more action at the point of sale, has it occurred to you that the American Can Company might be of help? Has it occurred to you that a company specializing in two basic sales weapons—packages and point-of-sale displays—must have quite a merchandising background?

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NATION'S BUSINESS

★
A MAGAZINE
FOR
BUSINESS MEN
★

In Praise of August

VACATIONISTS' tales are current reminders that ideas about spending annual leave are as various as the individuals who take it. That talk of "getting away from it all" is not always matched in deed is as apparent as the "wage slave" who spends his off hours in hanging around his place of work—perhaps just to keep alive the tradition of a busman's holiday.

Whatever the August exodus to the beaches, woods and mountains—or local indulgence in the unbossed enjoyment of the civilized comforts of the town—may signify in the choice of well earned leisure, it's likely to obscure the sovereign fact that business does not shut up shop in summer, however migrant the recreations of its staffs.

In a very real sense, the season of sun glasses and sport wear is a time for whetting the edge of competition. Ideas are germinating in research laboratories throughout the land. Engineers are making old formulas stand and deliver. Mid-winter merchandise is styled in midsummer heat. Release dates for new products are scheduled. New efficiencies in household heating devices are burning questions.

Sales drives are polished for fall openings. Consumer reaction is tested with house-to-house sampling. Advertising copy is brought into effective focus months ahead of its appointed job—of 254 agencies queried by a trade publication, 214 said their planning and preliminary work was heavy or heavier in the torrid term than in winter or spring.

No sales without seed. August is a time of planting as well as harvest. Public preference must be courted. Salesmen must be schooled in new lines. Dealer information must be organized. Bulletins, booklets, catalogs come to

life. Questions must be anticipated. Somebody has to find the answers.

Only superficial observation can sustain the myth of a summer slump. Business that persists and prospers is never "dull" or "quiet." True, the busy hum of a high power organization may seem its most revealing quality. Let the heartening buzz of activity diminish in intensity, and word passes that so-and-so is slipping. A truer index to the state of commercial and industrial vitality would be the state of affairs in the idea departments. To the vigor of its brain cells, business—and the public it serves—must look for progress, for adaptability, for the nourishing fruits of a changing civilization in ever larger measure.

Generous with occasion and opportunity for the recharging of individual batteries, business declares an extra dividend of seasonal stimulus to the nation in the repeated demonstration of its power to carry on against the tyrannies of humidity and humdrum.

So dependable is this resourcefulness that whoever takes leave of his job for a joyous interlude of play is sure to return to a world made more livable, more interesting, more comfortable, more convenient, more responsive to the needs of mankind—a lively expectancy quite invigorating of itself.

August provides its own text for a people plagued with perversities and paradoxes. Happily, it is invitational rather than imperative. It says to all men, no time like the present for giving body and mind a breather, no time like the present for getting down to business.

Merce Thorne



WHERE ACTION INSPIRES

In virtually all of the great undertakings of the day the Mimeograph is playing its important part. It is one of organizations' chiefest aids. Not only in modern transportation, in business and education, but even in sports and amusements, it is helping to carry on. In fact, many modern activities and economies would be impossible without it. And since the development of the *cellulose-ester* stencil it has taken on new importance. Its grist today is a superior quality of letters, forms, bulletins, etc., delivered at high speed and low cost—and including illustrations, when desired. This is the unique advantage of this remarkable stencil-sheet—the Mimeotype. It may have definite application to some of your present problems. It may save time and money for you, as it has for thousands of others. Let us give you latest information. Write A. B. Dick Company, Chicago, or see your classified telephone directory for local address.

M I M E O G R A P H





Where Your Job Comes From

ANONYMOUS: A letter which might have been written by any business man

My dear Nephew:

YOUR mother has written me about your new job. She feels that you deserve something better. She implies that something is wrong with a system that makes a boy with your education "dig in a ditch in his undershirt for a construction company." She wonders if I can't "do something."

Ned, my boy, your mother is a wonderful woman. Even a bachelor uncle can appreciate the feelings that prompted her to write that letter. She ought to know, though, that our family is not long on giving advice—or taking it. And as for letter-writing, you know your uncle. But it happens just now I'm all "het up" over the book boys who are yelling about "soak the rich," "share the wealth," "business is to blame," "Wall Street runs the country," and declaring that politics must take control. So she caught me when I just must blow off steam or the boiler will bust.

In spite of the stuff that is preached and written about "every man having a right to a job," about the need for higher wages and all the rest, the fact remains that jobs don't just happen. Somebody has to sweat and sacrifice and save to make them.

Let's take a minute and see why you have a job, why it is the kind of job it is, and where your pay comes from.

When the pioneers were making history, the home was a workshop. Weaving, spinning, food preserving and furniture making were ordinary household tasks. As communities grew, specialization became the order of life. The butcher, the baker, the candlestick maker saw advantages in sticking to their lines and left other trades to other men. The smith did not prosper by mixing shoemaking with smithing.

Out of income from his work at his forge, the smith was able to buy his shoes from the shoemaker. When the needs of the people reached a volume beyond the power of the little shop to supply, conditions were ripe for the rise of the factory system. The workers did not sell their wares direct to



REFORMERS give the impression that business is wicked. Are you wicked, digging in a ditch? Is the man who hires you wicked when he gives you a shovel, pays you and tells you where to dig?

the customer, but sold their individual skills to an employer who paid them from the sales of his product and provided the equipment and materials for turning out the goods. Just as you sell your football muscles to a man who provides you with a shovel and a wheelbarrow. He had to save to buy that shovel and wheelbarrow, remember, and when he bought it, he gambled that somebody would want enough ditches dug to pay for the shovel and the wheelbarrow and to pay you for digging the ditch and to pay him for finding people who wanted ditches dug. And, further back, somebody had to save up money to pay for having a ditch dug.

Of course, if nobody saved up to buy the ditch you are digging, or if the money he saved were taken away from him by the Government in the shape of taxes, the fellow who bought the wheelbarrow and the shovel and the trucks would be out of luck. But that is the risk that every man takes when he starts a business. The French call him an "entrepreneur." He must face the music if his plans go wrong. More than likely, he has to get the money to set up shop from a bank or from people who believe in his judgment. This money is his capital. He uses it to buy materials and equipment, for advancing pay to his workers before revenue comes in from sales, for pushing his wares. If \$100,000 were needed as a starter, say, it could be split up into 1,000 parts, valued at \$100 each. You and I



IN pioneer times, the home was a workshop. As communities grew specialization became the rule. The smith saved something from his earnings at the forge and bought shoes from the shoemaker

could buy shares and become part owners. If the business prospered, we would get a return on our venture—dividends. If it did not, we would be out of pocket, though richer in experience.

Our enterpriser might take one of three courses. He might decide to go it alone—if he had enough capital he could assume all risk of gain or loss. He would be capitalist, enterpriser, worker all in one. Possibly half of all the business in this country traces down to this simple form.

Or he might go into

partnership, adding the abilities of others to his own. But partnerships raise their own problems. A partner has to make good the lawful debts of the business to the full extent of his worldly goods. That is called "unlimited liability."

Partners may lose everything

IF THE business goes to the wall, all the partners stand to lose, of course. But those with the most property are in greatest peril. A partnership is a delicate arrangement. It is dissolved by the death of one of the partners, by one partner selling out, by a new one coming in, by the bankruptcy of one partner. Few big businesses operate on a partnership basis.

Probably our enterpriser would choose to incorporate the business. As a lawyer would tell you, the business corporation is "an association created by law and regarded by it as an 'artificial person'." He cannot do as he pleases. Each state legislature has laid down the conditions which must be met before the state government will issue a charter making the corporation legal. The corporation is named in its charter, and under that name it can sue and be sued. It is "capitalized" for the amount indicated in its charter.

The people who put up the money are the owners. They pass over their savings, get stock in return. Their legal responsibility is limited to the par value of the stock—the amount printed on the face of the stock certificate. About three-fourths of all the money used in business in the United States is at work in corporations.

You and I could not even take a chance as shareholders unless we had saved some money out of our incomes—or unless somebody had saved it for us. Somewhere along the line somebody had to be thrifty enough, self-denying enough, to keep outgo within income, had to be strong enough to build up a surplus over needs.

"No crop without seed" is a saying that goes to the core of capitalism.

Whether we save through fear of a rainy day, or save for future pleasures, what we save in excess of our daily needs is the resource of the world's progress.

Benjamin Franklin had a close way with pennies. He put by enough to buy a printing press. From his self-denial came *The Saturday Evening Post*. Its growth has made thousands of jobs not only in Philadelphia, but throughout the country. One man's frugality was the yeast.

Do you remember your first entry into business?

When you operated a lemonade stand in your front yard, you were capitalist and enterpriser in one. As I recall, you had a deficit. Ends did not meet. Plenty of people then, as now, to tell you what to do with profits. Not many to show you what to do about losses.



HAVE you ever noticed how many imported fault-finders and trouble-makers have fought to stay here when they found out that they were not wanted? America began to look pretty good to them when they were put out

insurance policies. They put their money in banks. The insurance company and the bank do not hoard the money. They add one payment or deposit to another and, from this store of money, make loans to, or investments in, promising businesses. The money is put to work and made to earn its hire at interest—four per cent, five per cent, six per cent or whatever rate it can command.

In a country of free men, neither dollars nor men put on overalls without pay. And unless the dollars put on overalls, the men won't need to because there won't be any jobs. But when it does go to work it provides everything you eat, the things you wear and use, the roof over your head, the heat that warms you, the air that cools you, the vehicles that transport you, the amusements that entertain you, the safeguarding of your money, the protection of your life. Every one of these is somebody's business, somebody's risk, somebody's opportunity, somebody's responsibility.

Somebody to take the risks

IF NOBODY was willing to take those risks or assume those responsibilities, there would be no jobs for anybody just as there would be no job for you if somebody hadn't been willing to gamble that the need for ditches would justify him in buying a shovel for you to use.

But in the past people have been willing to take those risks. That willingness provided, in 1930, some 49,000,000 jobs. I'm not getting those figures out of my head. I have the Census Reports on my desk. They show the market for your job and my job and everybody's job.

Fourteen millions of these people were in mechanical and manufacturing industries.

About four millions were in transportation and communication businesses.

Six millions were in trade.

Four millions had clerical jobs.

More than three millions were doing professional service.

The rest were on farms, in the public service, in mining, lumbering, fishing, or working in homes.

Nearly eleven million women were drawing pay envelopes.

(Continued on page 61)



NEITHER dollars nor men put on overalls without pay. And unless the dollars put on overalls, the men won't need to because there will be no jobs. Everything you eat, the roof over your head, the clothes you wear represented somebody's saving and sacrifice

What's Ahead in Washington

W. M. Kiplinger Writes Again of the Prospects

Dear Mac: Yes, quite a mess—Washington. Certainly the internal confusion is the worst you and I have seen in our time. Certainly worse than 1917-18, the early stages of the war. There was confusion then, but there was also singleness of purpose which we don't have now. Probably it's a good deal like the early years of the Civil War, when Washington internally was at sixes and sevens about what to do and how to do it.

In the few minutes we have together let's not rave or tirade, because to get passionate about the political situation is a luxury which we can't afford, if we want to see the situation clearly. And you, as a business man, must make great effort to see the situation clearly, because your business decisions depend partly on it. It's a time for sobriety in the observation of Washington, even though you may think Washington is not sober. It's a time for understanding, regardless of the element of either approval or disapproval of Washington goes on.

Now, of course, I don't understand all about Washington. No one man can get his mental arms around the whole of it. But I know a few things, and I'll give you some high spots of them.

First, the President

IT'S more important to try to understand Mr. Roosevelt than any other single factor in the Washington situation. He is three-fourths of the Government, in the sense that

he makes the issues. I've studied him impersonally and objectively, and I believe these things to be true:

He has a sincere desire to be The Great Liberal President. He firmly believes that the current government of the United States, regardless of party, must be politically and economically "liberal," or else it will be succeeded by a government which is "radical." The President's liberalism is not the liberalism of England a hundred years ago which felt "that the source of all progress lies in the free exercise of individual energy." The President's liberalism is a liberalism which would permit or encourage greater government control.

He likes liberals. *Personally* he likes them, for he chooses them as his buddies. One liberal weighs more with him than six conservatives. He is more alert to criticism from liberal quarters than to criticism from conservative quarters.

He doesn't like conservatives. *Personally* he doesn't like them. He doesn't like business men as a class. He thinks they are stupid and stodgy, that they have no imagination, that they don't understand anything political. He thinks of them as "short-sighted" and "selfish."

He believes strongly in the power of government, as contrasted with the power of business. He believes that more government is a "good thing," not a "bad thing." He believes that opposition of business elements to his régime must be expected and taken for granted.

He has no deep inherent set of principles. His principles are synthetic, and it is usually easy to detect which set of advisers is responsible for whatever his policies are at the moment. (We shall talk later of advisers.)

He is a man who *feels* things through; he doesn't *think* things through. He has the temperament of an artist,

rather than the temperament of a scientist. His impulses are always in the direction of improving the conditions of the masses. There is no need to question his sincerity of purpose, although there may be question of wisdom and methods.

He thinks his own reelection is to the best interest of the masses. Consequently he will do almost anything to be reelected. He might even adopt policies which would be construed as turning "right," if he thought this necessary for reelection. But he figures that his best chances of reelection are in doing things construed as "left." For the long pull, his course will be generally "left."

For his own best interests, he probably has too much power. In subtle ways it has had bad effect on him, on his mental operations. It has given him some sort of sense of exaltation, of cocksureness in his own decisions. (His close friends note it, talk about it, are vaguely worried about it, and don't know what to do about it.)

He changes his mind often. This has been said about him heretofore by hostile critics, but it has now come to be accepted as a fact among his friends.

But on big matters, when he once makes up his mind, there he stands. It is a trait which his critics call "stubbornness," which his admirers call "courage."

These comments do not give a complete picture, but they suggest some of the dominant characteristics of the man who has in his hands great power over the affairs of all of us. Obviously some are good traits, some are bad traits, and some are either, depending on your point of view.

President's Advisers

THE Presidency is a pretty big job—more than a one-man job. Any President must have advisers to help him figure out what to do. The philosophy of these advisers goes to

make up the philosophy of the Presidency. This is particularly true under an impressionable man like Mr. Roosevelt.

Advisers aren't necessarily executives with public position, and executives aren't necessarily advisers. Public attention is usually focused on the executives. I think the advisers are more important.

Mr. Roosevelt has maintained the practice of listening to different kinds of advisers simultaneously, using one set to balance the views of another set. Thus he gets pros and cons, and thus he cultivates the impression among different kinds of groups, hostile to each other, that they have his ear.

In the parade of favorites one thing is evident: Conservative advisers have fallen off, or are falling off, while distinctly liberal advisers are still kept and cultivated.

Moley was the original close intellectual adviser. He is still close, but he shows many signs of disagreeing with the President's policies, and there is much speculation as to whether he will jump off the wagon or get shoved off. By 1932 standards he was "liberal"; by comparison with the President he is now a bit "conservative." Relatively he is "middle of the road," while the President is "left of middle."

Tugwell, originally dragged into the New Deal by

Moley, is still a favorite (it's supposed to be a secret). Tugwell talked too much in his freshman and sophomore years under the New Deal. Now he is a seasoned and dignified junior, with a Job to do—the Resettlement Job, one of the toughest jobs of all. He is an economic planner. He believes the Government could, should and will lay down the pattern of economic affairs, and that private business entrepreneurs could, should and must adjust. There's a lot more to the philosophy labeled as Tugwellian, and sometime we'll talk about it in greater detail. Meanwhile remember that Tugwell is important in the picture.

Frankfurter, originally drawn into the solar system by Moley, is now a major influence with the President. Felix Frankfurter is professor of law at Harvard. He has no government position, and he seldom appears in the flesh in Washington. When he visits here, he visits with Justice Brandeis, and then he goes around to visit with the President. He carries to the Presidential flower the pollen of Brandeis social and economic philosophy: Capitalism and the lure of private profits represent the best, the most feasible system to date. Individual initiative is good for society. Individual initiators should be encouraged. But—let government do more policing of the private interests, as by the Securities Exchange Commission, which is a Frankfurter baby; and by the utilities bill, with death sentence to big holding companies, which is a Frankfurter-Roosevelt baby.

Tugwell vs. Frankfurter: Tugwell believes in affirmative economic planning by political agencies. He would have the Government DO things. Frankfurter doubts the Government's competence to do things or to plan things. He would have the Government act more as policeman.

Tugwell is relatively radical; Frankfurter is relatively orthodox.

Behind both are groups of hard-working young intellectuals in important government jobs, out of sight, boring from within. AAA is typically Tugwellian; SEC is typically Frankfurterian. AAA imposes positive political will on agricultural trades; SEC imposes the negative policeman's rule on the securities business.

Limitation of private profits is favored by both the Tugwell and the Frankfurter groups, but they would do it by different means. Tugwell would have the Government squeeze private business directly, by all sorts of regulations, to restrict profits. (Note how it is done by AAA, which is typical.) Frankfurter would allow business more latitude to make profits, but would take the excess away by taxation. Taxation of Bigness in Business is a Frankfurter idea.

More Advisers

OTHER close Presidential advisers are Mrs. Roosevelt, Morgenthau and Hopkins.

Mrs. Roosevelt influences the policies of Tugwell and Hopkins, and is influenced by them. On anything relating to social welfare, she is very aggressive. (There's noticeable increase in grumbling—"We didn't elect *her*.")

Morgenthau's sphere of influence includes the Treasury, the Farm Credit Administration, the Federal Reserve Board. Morgenthau and Jesse Jones of RFC are hostile, and Jones' influence with the President has declined.

Hopkins is beloved and trusted by the President. In the work-relief program he has been compelled to take criticism for policies which were dictated by the President. Both Morgenthau and Hopkins frequently "take the rap" for the President.

Wallace is influential, as always. He and Tugwell do not always see eye to eye, but they are harmonious.

Farley is the business manager of the New Deal. He does not give much advice on broad policies of govern-

ment. The President gives him a free hand on patronage, public jobs; hence the decline of the merit system in all New Deal agencies. (Farley recently has extended his patronage influence into the Federal Housing Administration; what little internal morale it had is now gone.)

Roper is no longer influential as an adviser. He is not aggressive in presenting the business point of view. In his sphere he does not hold a candle to Miss Perkins in her Labor sphere.

Cummings has risen recently in influence at the Presidential court. He is credited with talking turkey to the President on doubtful constitutionality of many New Deal measures.

Richberg has gone out of sight, along with NRA. It ought to be said for Richberg that he did a good job of standing by the President, often taking blame for errors which were not his, keeping his mouth shut.

La Follette has risen in influence with the President.

Louis Howe, the President's chief secretary and long-time mentor, is ill. He can no longer contribute as much balancing influence against Presidential impulsiveness as he formerly did.

Business influence in Washington is at a new low. There are some feeble expressions through such channels as Roper, Jesse Jones, Eccles, Joseph Kennedy, and Frank Walker, but the influence doesn't get far. Baruch has passed out of the picture, and so have his two lieutenants, Johnson and Peek.

The Business Advisory and Planning Council, a group attached to Roper, is pretty much of a flop, a piece of scenery. The President listens, but doesn't heed. Many members of the Council are planning to resign in protest—next fall.

There are other advisers and spheres of influence, but these are the most important for the present from your angle. They shed some light on the general course of government policy for the future.

Congress

CONGRESS is in rebellious mood, as is shown by the private comment in cloak rooms, and criticism of the New Deal is heard almost as much among Democrats as among Republicans. But I doubt whether there will be any big open rebellion at this session, for these reasons: The Democrats are pretty well drilled in acceptance of the leadership of the President, and a group habit isn't broken easily. Furthermore, no one really has any program except the President. Certainly the Republicans don't.

The significance of the new critical mood within Congress will not be seen fully until the second session, opening next January. By that time members of Congress will have had opportunity of associating with their folks back home, and of discovering that Roosevelt and the New Deal have lost much of their former popularity. Many Democratic members are now saying that in seeking reelection next year they expect to paddle their own canoes, rather than to hitch on to the New Deal, as they did last year.

You shouldn't take seriously the current talk that the next session of Congress will be a quiet "do nothing" session. The talk is that most of the New Deal reforms have now been legislated, that there will be little for Congress to do next year. This is just plain hot air. The New Deal has plenty of things in mind to do next year. Recovery will not be sufficiently advanced to still the clamor from wealth-sharers and the unemployed. It is inevitable that the Government, including Congress, will keep busy with new reforms. The relations between the Federal Government and state governments provide a big field in which the reform zeal of the Roosevelt Administration will operate not only next year but in succeeding years if Roosevelt is reelected.

Taxes

DISTASTEFUL as taxes always are, it is unquestionably a good thing to increase them—a good thing *net*. Our Government has lived beyond its income for five years, and will continue to live beyond its income for two years more, despite new taxes. Government credit has stood the strain, thanks to various artificial props, but it could not have stood the strain much longer.

I don't know exactly what kind of tax bill Congress is going to legislate. Neither does Congress. The test will come in the Senate.

Inheritance taxes and new gift taxes may be taken for granted. Higher income taxes on the "rich," the same. I am inclined to think the Senate will also stiffen taxes on the moderately well-to-do, as distinguished from the "rich."

The sliding scale of rates on corporation incomes is doubtful, for there's much opposition to it.

Purposes are dual—to get more money, and to effect social reforms. It's the beginning of a long campaign to use taxation to keep down large fortunes, large accumulations of capital in the hands of either individuals or corporations.

I think greater use of the taxing power should be expected in the next four years, regardless of which party controls the Government after 1936.

Your Questions

WILL the Wagner Act be declared unconstitutional? Most lawyers, including labor lawyers, think so.

What then? Labor will help agitate for a constitutional amendment to give federal government regulatory authority over production.

Does the President want a constitutional amendment? Yes, no doubt of it.

Will he actually espouse it next year? Don't know. Large elements of his own party would not go along with him—especially the South.

How does A. F. of L. stand? Pretty strong with Congress, not so strong with the administrative officials. A. F. of L. is threatened with a deep schism next fall—internal row between craft and industry unions. It's more serious than any labor row in years.

Will the Frazier-Lemke greenback bill be enacted? No. If it were passed it would be killed by veto.

Any chance for new NRA legislation? No.

Will the AAA act be declared unconstitutional? Don't know. The text of the Act was drawn more carefully than text of NRA Act, and the new amendments aim to remove doubts concerning constitutionality.

Will work-relief make 3½ million jobs? No.

Will direct relief continue? Yes, indefinitely.

How can we ever stop direct relief? Don't know, don't think it ever will be stopped; think it must be regarded as permanent, although on a diminishing scale.

When will the budget be balanced? Don't know; probably not till sometime in 1937.

When will we have a building boom? Not before some time in 1937, although gradual improvement in home building from now on.

Will interest rates stay low? Yes, for several years at least. It's a definite policy of the Government. For one thing, it makes the big public debt easy to carry. For another thing, it's an equivalent of redistribution of wealth.

Is there any more lobbying than usual? No, it's about the same from year to year.

Is the President's health good? His close friends say it is. The rumors that he isn't well are widespread, but there's really no evidence that they are true. Of course he is under great strain, but so is everyone. And he shows signs of political petulance, but that's a matter of temperament, not of health.

Recovery

THE more-than-seasonal decline in business, as measured by industrial production, started last January and has continued through July. I think August will be another low month, comparable to July, and that the fall pick-up will be slightly more than seasonal, due to a combination of natural forces and the stimulation of government spending.

I foresee nothing spectacular in the business picture during the remainder of the year, or even the first part of next year. Certainly no spectacular boom. Probably no slump below present levels.

The outlook is for moderate recovery during the next year, quite regardless of what Government does or does not do, for natural forces are taking hold. There is no doubt that current Washington policies have braking power on recovery. Despite them, recovery is ahead. Only the degree and the speed are matters of doubt. Washington as a whole is optimistic, but officialdom is always optimistic, always should be discounted. Even with discount, with allowances for all sorts of influences, good and bad, the prospects are for further progress in recovery of the "creeping type."

Elections

THERE are lots of people who pretend to know that Roosevelt will be reelected next year, or will not be reelected. I am one who doesn't know.

Roosevelt's reelection cannot now be assumed as a matter of course, as it was by most political analysts even a few months ago. He has slipped, and slipped badly, in popular favor. This isn't a partisan or biased observation. Three-fourths of the Democratic members of Congress say it, and they know how things are back home. They talk about the lack of applause of the President in movie theatres everywhere. They talk about the grumbling among their constituents over relief methods. They say more and more unemployed are asking what's the matter with the Government, that it doesn't get business to going so as to provide them with honest-to-goodness jobs, honest-to-goodness wages. They say there's less discontent among the farmers, but more among all other classes.

Will discontent reelect Roosevelt, or defeat him? That's really the question, for now it is fairly easy to see that there can be no full recovery to reelect him.

There's no effective organized opposition. Republicans have no "logical candidate" and no set of principles.

Of course there will be some sort of share-the-wealth third party, frankly socialistic. It will not be very effective, but it can sap votes which Roosevelt needs, and it might even carry a few minor states. It will make political hay out of the "inadequacy" of Roosevelt reforms. It will pick flaws in the social security program, which by then will be in the early stages of organization. It will scare some wobbling Democrats back to Roosevelt.

Many conservative Democrats will desert Roosevelt. There's possibility but not probability of a new "Constitutional Democratic" party. Republicans aren't likely to nominate an anti-Roosevelt Democrat for President, although they might well nominate someone like Lew Douglas for Vice President, thereby making sales talk for "fusion."

The campaign has started, and it will be the hottest in a generation, that's all I know.

Sincerely yours,

Wm. L. Springer

Why Not Humanize Your Figures?

AS AN EMPLOYER, you doubtless complain that the public and your workers do not understand. Perhaps you are to blame.

Have you ever taken the time to make your operations understandable? Or do you get a vain satisfaction in the mystifying complexities of the orthodox statement? This, of

course, is on the assumption that you have nothing to hide and are proud of your management.

Frankly and bluntly, is there any reason why such simple reports as presented here could not be helpfully made? There will be hidebound associates who will shake heads sagely and say, "It can't be done by our com-

pany. Our set-up is different." But, perhaps, there will be some executives who, alarmed at the trend of events born of ignorance of corporation control, will attempt to adapt these Blank Corporation statements and try them out on the public, their workers and stockholders.

—THE EDITOR

Balance Sheet of the Blank Co. for the Stockholder

ASSETS (what we own and what others owe to us):

Cash (needed to pay for raw materials we purchase and to meet pay rolls amounting to \$10,000 monthly, taxes averaging \$500 monthly, etc.)	\$32,490
Marketable securities (temporary investments made to utilize our assets during slack seasons and a reserve which enables the company to operate at a loss without disaster)	66,450
Accounts receivable (this is money owed us by good customers who have established a line of credit with us for their purchases)	16,870
Notes receivable (these notes were given by good customers who chose this method of financing in preference to getting bank loans)	4,030
Inventory (this constitutes our holdings of raw materials, goods in process of manufacture, and goods finished but not sold)	65,260
Land, machinery, buildings, etc. (a necessary investment to make possible our manufacture of \$500,000 of goods and the employment of 100 people)	165,900
	<u>\$351,000</u>

LIABILITIES (what we owe to others, including stockholders):

Accounts payable (these are our purchases within the past 30 days. Our suppliers expect payment within 30 days after sale)	4,560
Notes payable (to banks, for inventory. The notes will be paid after sale of the finished goods)	60,000
Accrued wages, taxes, etc. (we pay our employees bi-weekly and our taxes annually. This item has accrued since the last dates payable and will be paid on the next dates payable)	7,700
Our 40 holders of preferred stock have trusted to our management	75,000
And our 80 holders of common stock have trusted us with	161,400
Earned surplus (this is the total amount the company has earned for its stockholders, but which has been left with the company for reinvestment, since the founding of the company. This improves the credit standing of the company and has the same effect as if the stockholders had put in this amount of additional capital. Note that it is at the rate of \$423 yearly)	42,340
Total liabilities	<u>\$351,000</u>

Balance Sheet of the Blank Co. for the Employee

(The regular balance sheet items have been divided by the number of employees to show the plant requirements of an average employee)

ASSETS (what we own and what others owe to us):

	\$ per employee
Cash (needed to pay for the raw materials you, as an average employee, use and for your pay and taxes of \$5 monthly per employee, etc.)	324.90
Marketable securities (temporary investments made to utilize our assets during slack seasons and a reserve which enables the company to operate at a loss in bad times and still pay wages)	664.50
Accounts receivable (this is a method by which we may sell more goods than if we sold for cash. It means more work for you)	168.70
Notes receivable (these notes were given by our customers in payment of goods purchased. If we did not take them, you would have less work because we would sell less)	40.30
Inventory (this includes the raw materials we have on hand, the goods you are working on now, and those you have finished but we have not yet sold. It takes four months from the time we buy raw materials until we sell the finished goods)	652.60
Land, machinery, buildings, etc. (this is our investment that makes possible your job. The land, buildings and machines allow you to do more work and earn more money than if your work had to be done by hand)	1659.00
	<u>\$3510.00</u>

LIABILITIES (what we owe to others):

Accounts payable (these are for purchases we have made within the past 30 days, not yet paid for, they include power and materials for your work)	45.60
Notes payable (borrowed, to build up our inventory, from banks but actually from their depositors. Some of the money is owed to you, if you have a bank account in these banks)	600.00
Accrued wages, taxes, etc. (since we pay you bi-weekly, we now owe you one week's salary. We pay taxes yearly and therefore owe a proportionate part since our last payment)	77.00
Our 40 holders of preferred stock help us to provide you with a job. If the company prospers, they get seven per cent on their stock which is little more than the interest rate on a loan; if the company fails, they stand to lose all their investment. The amount they have advanced to our management for your job is	750.00
Our 80 holders of common stock who get nothing unless there is a profit and lose first when there is a loss have likewise advanced to our management this proportion for each worker	1614.00
Earned surplus. (this is the amount the company has earned for its stockholders, per average employee, since its founding and which the stockholders have left with the company for reinvestment whenever we can thereby provide more jobs)	423.40
Total liabilities	<u>\$3510.00</u>

Hawkshaw Shadows the Potato

By MILLARD MILBURN RICE

IN EVERY complaint against high prices, the "middleman" comes in for a large share of abuse. He was the man who got the blame from a rampant householder who declared he was paying six cents a pound for potatoes which cost only 60 cents a hundred pounds in the field. Armed with this clue, Mr. Rice disguised himself as a potato masher and went forth to bring a profiteer to justice. Here is the case history of his investigation.

IT IS always open season on middlemen. For many years they have been stalked as profiteers by certain groups; and in these days of rapidly rising prices in many lines, they are more than ever a target for criticism as profiteers.

There are always profiteers in any line in which it is possible to profiteer. That is only another way of saying that human selfishness is by no means extinct. But it is quite another matter to accuse all middlemen of profiteering. It is time something was said in their defense.

Ten times higher?

PERHAPS this whole matter can best be illustrated by a concrete example. Late in the fall of 1934 a friend of mine who travels a great deal remarked to me that he had recently been in a potato-growing section and found growers selling their potatoes in the field for 60 cents per hundred pounds. When he returned home he found his wife paying six cents a pound for these same potatoes. Such a spread, he declared, was excessive, and he strongly suspected profiteering by middlemen along the line from field to frying pan.

As soon after this conversation as I could, I took up the potato trail, determined to follow it to my friend's frying pan. I wanted to see who profiteered in this case, and to what extent.

The first middleman encountered was the potato shipper. He is located in some central shipping point and goes out in the fields buying potatoes for shipment. Why not eliminate him, as is so often suggested of all mid-

dlemen? Why shouldn't the grower sell directly to the retailer?

Well, this particular section is a great potato-growing area. Its potatoes are shipped as much as a thousand miles. Within that radius there are thousands and perhaps tens of thousands of retail stores. How many of these retailers could or would buy a carload of potatoes?

In the first place, the potato grower can't afford to ship in less than carload lots. Less than carload rates are too high. The small grower who may not raise enough potatoes to fill a car would be at a great disadvantage. He couldn't afford to compete with the big grower—and anyway the extra expense would fall on the consumer. In the second place, if anybody has ever devised a scheme for bringing these thousands of retailers into contact with the thousands of potato growers, that scheme has never been brought to public attention. Somebody must collect the potatoes from growers so they may be shipped in car lots. That much seems settled. The shipper fills that need.

Very small net profit

WHAT profit does he make? In this case—and generally—his gross profit is ten cents per hundred pounds—one-tenth of a cent per pound. In other words, he was selling for 70 cents per hundred potatoes he bought for 60 cents per hundred pounds. A carload of potatoes weighs, usually, 36,000 pounds. That means that the shipper's gross profit is \$36 a carload. But what is his net profit?

Potatoes are about 80 per cent wa-

ter. The shipper must guarantee that these potatoes will reach the wholesaler with a shrinkage of not more than two per cent. For the sake of simplicity we will assume they shrink only that amount in transit. What other expenses does the shipper have?

More service than profit

HE MUST pay for federal or state inspection of each car of potatoes he ships. This fee is \$3 a car. He ships his potatoes to a broker in some central distributing point, and pays the broker \$15 a car to sell them to wholesalers. Out of the remaining \$18 he must rent a warehouse and office, pay office help and buyers, light, heat, taxes, water rents, traveling expenses, interest, telephone and telegraph. In addition he must absorb shrinkage. Whatever is left is his net profit. In this particular case I found it difficult to determine the exact net profit of the shipper in question, but I am satisfied that it is not more than two cents per hundred pounds—perhaps less. Certainly it is modest. In return for this modest profit, he renders a service to both producer and consumer which no one has yet been able to render more cheaply or efficiently.

Middleman Number Two is the broker. In return for his \$15 gross fee per car of potatoes, he finds wholesale buyers. Why not eliminate him? Any wholesaler will testify—and several did so testify to me—that without a broker they would be obliged to spend much more than \$15 per car in telephone, telegraph and clerical expenses in contacting the various shippers. If they did not bear this expense, the shipper would have to do so in seeking out wholesale outlets for his carlots of potatoes.

In addition to bringing together shipper and wholesaler, the broker inspects every car of potatoes as it arrives in distributing centers, thus setting up an additional check on quality. He maintains an office, employs office help, inspectors and salesmen; uses telegraph and telephone liberally, all of which adds to employment without adding materially to

the cost of the potatoes. His net profit per car is modest—not more than one cent per hundred pounds.

The potatoes reach the distributing center by rail. The freight to the state capital in which my complaining friend lives is 60 cents per hundred pounds on a carload of 36,000 pounds. Since the weather is cold, heating in transit is necessary. This costs six cents per hundred pounds. (In summer, icing is necessary, which costs about 20 cents per hundred pounds.) We need not examine these freight rates—which are I. C. C. rates, of course—other than to remark that the present plight of the railroads is well known.

We now come to Middleman Number Three, the wholesaler. He buys our potatoes laid down in carload lots in the freight yards of this particular state capital for \$1.36 per hundred pounds. Here are the figures thus far:—

Grower received per hundred lbs.	\$.60
Shipper " " " "	.10
Freight " " " "	.60
Heating in transit " " "	.06
Cost to wholesaler f. o. b. freight yards his city	\$1.36

He sells them at \$1.55 per hundred pounds.

\$1.515 per hundred. He sells them, therefore, at a net profit of 3½ cents per hundred pounds. Actually, this is not net profit, because he must absorb shrinkage which frequently runs as high as four per cent. But again, for the sake of simplicity, we disregard shrinkage.

For that profit he provides employment to many people. He rents or owns—and therefore pays interest on the investment—a warehouse. He owns and operates several trucks manned, generally, by two men each. He employs stock men and salesmen. He pays heavy taxes; employs a large office force; has heat, light, telephone and telegraph office fixtures to pay for.

The retailer guilty?

WE HAVE now traced our potatoes into the hands of retailers at \$1.55 per hundred. But my friend says he paid six cents a pound for his potatoes. Therefore we have caught the guilty party. It is the retailer who makes this exorbitant profit of \$4.45 per hundred. Let's get in touch with my friend and learn the name of the retailer from whom he bought those six-cent potatoes.

pay that much again before this appears in print. But he insisted on new potatoes when they were first in the market. A great many potatoes had to be stopped short in their growth to bring this luxury to his table. Hence the high price.

We now come to one of the stores in my friend's neighborhood—a rather exclusive section of high rents. The retailer tells us that 90 per cent of his customers demand "even-size baking potatoes"—a quarter's worth at a time. He sells nine pounds of that kind of potatoes for 25 cents. Therefore, he should get \$2.77 for a hundred pounds of potatoes which have cost him \$1.55, realizing a gross profit of \$1.22. But does he? Let us watch him as he empties a sack of these potatoes on the floor of his store.

He sorts the potatoes into three piles. On one he places all the "even size baking potatoes." On a second pile go all perfect potatoes either too large or too small to bake. On a third pile he places all cut, dry-rotted, and otherwise imperfect potatoes. Now he weighs the three piles. The pile of "even-size bakers" weighs 74 lbs. The second pile weighs 11 lbs. The third pile weighs 14 lbs. Total weight

From Hill to Home—Or, Who's



Wide-eyed and innocent, the potato leaves the home of his birth to face the wicked world. The farmer who raised him gets 60 cents a hundred pounds

His first experience with middlemen. The shipper buys from thousands of farms, inspects and hires brokers to sell the potatoes at 70 cents a hundred

On the auction block. The broker finds wholesale buyers, inspects and arranges shipment. He gets his pay from the shipper who employed him

The average retailer buys 200 pounds of potatoes at a time. Therefore the wholesaler, to dispose of a carload of potatoes, must make 180 sales. The particular wholesaler we have selected finds that it costs him ten per cent of his selling price to do business—and, incidentally, that is doing business on a very efficient margin. Hence these potatoes, delivered to the retailers—180 deliveries averaging five miles each—cost the wholesaler \$1.36 plus \$.155, or

What's that he says? He can't remember. Does his wife remember? No, she doesn't, but she begins to think her husband is mistaken. She can't recall having paid six cents a pound for potatoes since early last spring for new potatoes. In fact, now that she thinks it over, she is sure her husband is mistaken. He must have been thinking about those new potatoes he bought last spring.

He did pay six cents a pound for new potatoes last spring—and may

99 pounds, indicating a shrinkage of one per cent which he must absorb.

Now, he sells nine pounds of "even-size baking potatoes" for 25 cents. He must give down-weight in every quarter's worth, else the inspector of weights or his customers will be on his neck.

That means that 74 pounds of potatoes will just about yield him eight orders. For these eight orders—delivered, by the way—he will receive—barring credit losses—\$2.00.

For the 11 pounds of good but irregular-sized potatoes, he will receive one cent a pound in bushel lots from a certain few of his customers and employees who are not so exacting as his general trade. That is, he will receive 11 cents.

The 14 pounds of imperfect potatoes are unsalable in this neighborhood, and hence he puts them aside in a basket and a collector for one of the missions will call for them. They will be a part of this merchant's contribution to charity.

We now have our retailer receiving \$2.11 for potatoes which cost him \$1.55, and thus making a gross profit of 56 cents.

Let's see what expenses enter into these sales. This retailer knows to a fraction of a cent what it costs him to do business. For instance, he states that his selling costs are seven per cent of his selling price. In proof of that he has men on his floor who sell entirely on a commission of seven per cent of their daily sales. His selling costs, therefore, are 14.77 cents on these potatoes.

His delivery costs are 5.7 per cent of sales. He has two clerks putting up orders; one shipping clerk; two delivery trucks with a driver each.

pounds of potatoes. We find, therefore, specially selected potatoes of U. S. No. 1 grade being sold to a discriminating trade for 2% cents a pound—instead of six cents a pound—delivered promptly.

The retailer is making a net profit of 6.74 per cent on his sales in return for the meticulous service we must render to this discriminating but complaining clientele. This is less than one-seventh of a cent a pound. Out of that he must pay an income tax, which hasn't been figured into his other overhead.

We demand many services

OUR American standard of life is what it is—not as to its cause, that is, but as to its quality—largely because of services rendered by so-called middlemen. But we have been for so long accustomed to a high and constantly rising standard of living that we have completely forgotten that such a standard is expensive. We expect and demand products from the far corners of the world; complete stocks, attractively displayed; luxurious stores conveniently located, without regard to the high rentals this entails; prompt service; selected

orchestra which alone can play them to our liking?

In this particular episode we find no middleman who was making an excessive profit. Indeed, their profits seem modest by whatever standards they are judged. Moreover, each middleman was a necessary link in that great distributing chain which maintains the high standard of convenience demanded by Americans of every station in life.

But there is another angle to this matter. It is that of employment. In these days of the gravest unemployment in our history, it is refreshing to find so many persons gainfully employed, directly and indirectly, by those middlemen along the potato trail. And when we find all this employment at such a relatively small cost, it is particularly refreshing. It should give pause to those who cry so lustily, "eliminate the middleman!"

In justice to those who would eliminate middlemen—by what method, other than Communism or State Socialism has never been explained—it perhaps should be recognized that they are caught up in the demagogic net of mob psychology. The cliché, "eliminate the middle-

Profiteering in Spuds?



With a carload of friends, he rides to the wholesaler. Cars are cooled in summer, heated in winter. The carfare brings the price to \$1.36

He says goodbye to his friends and hurries off to the retail store to which the wholesaler sends him. The retailer pays \$1.55

The retailer introduces him to the housewife. This is the end of the chase. Barring credit losses, the retailer will get \$2.11 per hundred pounds

Delivery cost on our potatoes, therefore, is 12.03 cents.

General overheads of rent, heat, light, insurance, interest, water, power, advertising, postage are, he tells us, 7.1 per cent of sales. This takes no account whatever of inevitable credit losses. Overhead, therefore, is 14.98 cents on our potatoes.

Our retailer's total costs chargeable against his gross profit are, therefore, 41.78 cents, leaving him a net profit of 14.22 cents on this 100

goods; the right to buy in small quantities, prompt delivery of the smallest purchases; monthly credit in many instances; and so forth. Having made these demands—demands which find no equal, except among the very wealthy, in any other country in the world—we complain at what seems to be a high price for the goods delivered to our doors.

Are we such poor sports that, having demanded the latest dance tunes, we are unwilling to pay the large

man," has caught on with the masses. It has been so often hurled at them by demagogues and politicians that they have accepted it as a kind of battle cry.

If experience means anything, it will not be long before they are off on another and different tangent. At all events, a better case will have to be built up against the middlemen than my complaining friend had against those we found along our potato trail.



They like their religion with burning brands. It gives them the excitement they lack

I DO not wish to be ribald in anything I may write of the Tennessee Valley experiment. Ribaldry would be out of place. If I say that the members of the Tennessee Valley Authority are consciously righteous I must insist that this is said in no jeering way. It is merely that they are consciously righteous. They are honestly and sincerely trying to do something fine and big and good for their fellow men who dwell in the valley of the Tennessee. But I am stirred somewhat to ribaldry—or to admiration: and I honestly do not know which—by their fellow men in the Valley. A verse from that sterling English ballad entitled, "Onst there was a Village Maiden," comes to mind. Her family profited by her adventures in London but they were not reconciled to them. The unknown poet writes:

They tykes the port wine that she sends them.
But they nuvver can forget.

So far as I was able to discover the dwellers in the Valley accept with gratitude the material benefits showered on them by the TVA. Money has poured on them in a flood. Thirteen thousand local men are at work for the TVA and at equitable if not generous wages. The rates for electric current have been reduced. There is a prospect of further reduction. If Congress continues to appropriate money, other millions will be spent in the Valley. I may be taking a gross and materialistic view of the fact but, if the men of the Valley did not fully appreciate these solid advantages, they would be differing so widely from all other human races that I could not believe them.

Yet they seem able to take a detached view of the Tennessee Valley experiment. They do not know whether it will work in the long run or not. They are willing to find out, especially as they are well paid for being willing. They are neither accepting its political significances and implications nor are they in opposition. If the thing goes wrong they are confident that it can be corrected. If it goes right no correction need be made. Meanwhile they are getting the port wine. If I am crediting them



PHOTOS BY TVA

They can card and spin and weave but the mountain people do not know where they can sell the products they make

with too much sophistication I apologize, but the Valley's attitude seemed to me to be epitomized by the statement of one farmer in the foothills.

"We get our drinking water from the creek," said he. "Well?"

"Well, naturally," he said, "we built the stable downstream from the house."

Much material accomplishment

I HAVE been spending approximately two weeks in the Tennessee Valley. Part of that time I was under the guidance of representatives of the Authority. When I left them I was really enthusiastic over the quality of the material things that are being done. Wilson Dam at Muscle Shoals is being operated as a going concern. The useless nitrate plants which were such a ridiculous evidence of misdirected energy during the war will soon be producing phosphate fertilizer. Norris Dam at Knoxville is being completed rapidly and Norris village, where the workers on the dam are housed, is one of the most charming communities imaginable. Roads are being built, eroded lands are being saved, and farmers are being shown how to demonstrate for themselves that better methods of agriculture pay.

The Forestry Bureau has purchased 3,000,000 acres of cut-over lands and plans to buy three to four million acres more. Mountains covered with scrub second growth

NATION'S BUSINESS for August, 1935

Valley People See It

By HERBERT COREY

LAST month Mr. Corey discussed the personalities of the men who head the Tennessee Valley Authority. In this article he turns to the personalities of the people for whom their efforts are expected to mean a more abundant life. In preparation for these two articles he spent two weeks in the Valley talking to the people and developing a keen admiration for them, learning their views of the Authority



They tell of unpainted shacks and precipitous fields, but the mountain man has leisure and content

Their wants are simple, food, a rifle, some fishline, a cabin with a fireplace in which to keep the embers glowing

of no real value today are to be made into a national park. They are to be stocked with deer and the streams furnished with fish:

"How do the mountain people take to this?"

"They are cooperating," said the chief of the TVA's forestry division. "At first they did not understand, but we have been sending movie shows into the mountains, in which forest scenes are shown. We have had as many as 400 people. Some of them come as much as five miles

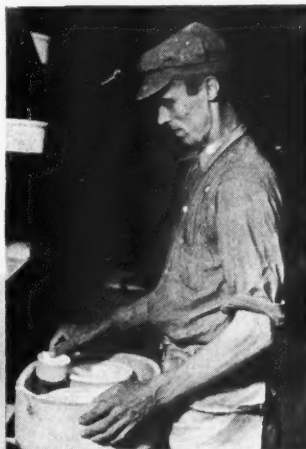
over mountain trails, and make their way back again through the darkness."

The essential commonsense of the mountain people is noted by all who come in contact with them. When Mt. Pisgah National Park was set aside some years ago it was proposed that the streams be stocked with fish and that a dollar a day fishing fee be imposed.

"The mountain people will not stand it," was the prediction. "They have considered these streams their own."

"They will stand it and cheerfully," was the reply, "because they will get their money's worth."

They are standing it and



If the sons want to go to the city they always can



cheerfully for that reason. There is poaching, of course. No one can say how much poaching. But they are paying their fees and no complaint is heard. They are a hard and practical people, on the report of those who know them best.

An independent people

AFTER I left the professional tutors of the TVA and wandered on my own I discovered to my surprise a growing admiration for these mountain people. It seems to me they have been intolerably misrepresented by most of the things which have been said of them in print since the TVA began to attract attention to the Tennessee Valley. Wisecrackers from New York have written humorous stories. Social workers who drip with the milk of human kindness have been infuriatingly sweet and pitiful. If I were a mountain man I would cock the spring gun and turn loose the dog whenever I saw a writer approaching. Yet they were unfailingly courteous. Not cordial, but courteous.

"You're on the right road," one man said when I feared I was lost on a distressing detour. It did not seem possible that wheeled vehicles could be taken over it except as a stunt. "There ain't no other road."

He mapped on a bit of copy paper the peaks and streams until even a city dweller could understand. When I tried to find out what he thought of the TVA he unsmilingly said goodbye. Before he left he added an illuminating sentence:

"I got a boy working down there in the Valley," said he. "Making four dollars a day."



Making sorghum molasses. The mountain man raises potatoes, corn, some hay and vegetables. He does not work hard

The teachers complain that they cannot find "leaders" among the Valley pupils



These things are being told for their practical and not their sociological value. If the TVA offers the people in the Tennessee Valley something which will profit them, they will not turn it away. But if they march under a crusader's banner it will be for a proper *per diem*, rations found. They are not—on the authority of those who know them—given to enthusiasms except for the old-time religion, hellfire and all. If Dr. Arthur E. Morgan can show them that they can make money in the cottage industries in the success of which he is so confident, they will open up industries in their cottages. But make no mistake about this. First they must be shown. They have not been shown as yet.

"How'm I going to buy a loom and an electric motor to weave blankets?" asked one mountain woman. "And when I weave 'em where am I going to sell 'em?"

Her husband contributed a comment:

"Oh, hell," said he.

The vital importance of the cottage industry plan on which the TVA sets such store can only be comprehended if the set-up is considered as a whole. The TVA plan is essentially a power production scheme. The members of the Authority will dissent from this. They insist and will insist that power production is only incidental to the functions of flood control and navigation improvement and the creation of the so-called "yardstick" by which the cost of power production can be measured. To do these things Norris and Pickwick dams are now being added to the existing Wilson Dam at Muscle Shoals at a prospective admitted cost of \$56,000,000. If the river plant is to be developed to its full capacity, eight other dams may be built on the

Tennessee River and from ten to 20 others on its tributaries. The total prospective cost has not yet been estimated. It may be anything you like.

But mark this:

According to TVA's latest annual report to Congress, the total annual savings by flood control will be less than half a million dollars:

"The average annual direct flood damage between Norris Dam and Wilson Dam has been estimated by the

(Continued on page 54)

The New Tax Plan

For Revenue or Reprisal

NEVER before in peace time, seldom even in war time, has a country appropriated money so lavishly as has the United States in the past three years. Consider the single item of public works relief. The \$3,300,000,000 made available June 16, 1933, was followed by \$4,800,000,000 on April 8, 1935. In less than two years \$8,100,000,000 was to be poured into the hopper of recovery in the hope that it would come out grist of employment.

If we think of that amount of money as appropriated in less than two years we must visualize ten or 12 millions a day. If we think of it in terms of population we have some \$600 or \$700 for every man, woman and child. Surely those are war time figures!

There is no better testimony to the casualness with which money was appropriated than is found in Secretary Ickes' book, "Back to Work." Speaking of the first \$3,300,000,000 he says:

It was then that chance played its part in the proceedings. The final copy of the bill had been drafted by Simon H. Rifkind, then Senator Wagner's secretary, and Senator Wagner was looking it over. The office was crowded, with much conversation going on. It is reported that Senator Wagner called out to Rifkind: "Does the three billion for public works include the \$300,000,000 for New York?"

Above the din, Wagner thought he heard Rifkind say, "Put it in." Actually, Rifkind said, "I put it in," but Wagner crossed out the figure \$3,000,000,000 and wrote in \$3,300,000,000. Then he hurried over to the White House to tell the President that this figure represented what his group believed it would be necessary to spend to "prime the pump" of business.

In spending on so magnificent a scale no immediate attention was given to the problem of payment. "Borrow and spend," was the motto. The national debt rose from \$20,800,000,000 on January 31, 1933, to \$28,700,000,000 on June 30 of this year, an increase of two billions over



the post war maximum. It was hoped that business revival might help balance the budget. Meanwhile some excise taxes were levied but no proposal for a definite new tax plan was made until the President's message of June 19. He suggested:

1. An inheritance succession and legacy tax in respect to all very large amounts received by any one beneficiary and to prevent evasions, I recommend the imposition of gift taxes. [This tax was to be applied to the national debt.]
2. A definite increase in the taxes now levied upon very great individual incomes. ["very great" was interpreted to mean a million or more.]
3. A corporation income tax graduated

according to the size of corporation income in place of the present uniform corporation income tax of 13% per cent. The rate for smaller corporations might well be reduced to 10% per cent, and the rates graduated upward to a rate of 16% per cent on net income in the case of the largest corporations.

Provision should, of course, be made to prevent evasion through the device of numerous subsidiaries or affiliates. The most effective method of preventing such evasions would be a tax on dividends received by corporations. Bona fide investment trusts that submit to public regulation and perform the function of permitting small investors to obtain the benefit of diversification of risk may well be exempted from this tax.

The United States Chamber of

Commerce, through its Committee on Federal Finance, took an immediate lead in the attack on the tax proposals. Here are six points from its report:

The urgent need at the present time is not more taxes on income, but more income to tax.

The official recommendations as set forth are of a destructive nature. They are based solely on the idea that the large enterprise, estate, or income can and should be taxed, heavily, merely because it is large. Breaking up the larger business enterprises would be economic retrogression.

After some examination, the Senate Finance Committee announced an expected yield of \$340,000,000 from the proposals. Any careful examination discloses only a negligible increase in government revenues.

The proposals are not put forth as a real means of balancing the budget . . . nor is there any indication that reduction in expenditures, which would so greatly assist in balancing the budget, is contemplated.

In the fiscal year ending June 30, 1935, the receipts of the Government amounted to 3.8 billion dollars. This amount is sufficient to have paid all expenses in each of the fiscal years 1922 to 1928. The need is not increased taxation, but expenditures reduced to a more normal level.

There has been much discussion regarding social justice. Society is an aggregate of individuals and the fundamental basis for social justice must be justice to the individual. It is now proposed by government decree to confiscate the economic rewards of enterprising and prudent citizens. No distinction is suggested between incomes not due to the efforts of the recipients and those accruing from useful energy and ability. The ends of social justice are not furthered by multiplying individual injustices.

How about these levies on bigness, on big inheritances, big incomes, big corporations as a means of raising money? Senator Pat Harrison estimated that they could add \$340,000,000, not a great drop in the bucket of our present expenditures. But even that estimate was quickly questioned.

The sudden effort in the last week of June to obtain quick congressional action would have added some new surtaxes as an extension of the present scale. Upon incomes exceeding one million dollars, the Revenue Act of 1934 imposed a surtax of 59 per cent. The first proposal at the end of June was to add another one

per cent upon the first half million in this excess, four per cent on the next half million, and so on, until the total surtax on any amount more than \$10,000,000 would be 80 per cent. The yield of this plan was announced at \$100,000,000 a year!

This calculation of the yield is in itself enough to condemn the proposal. In 1933—the latest year for which statistics have yet been published—only 46 persons in the whole country would have been affected by these new super-surtaxes. The net income of all 46 was \$81,000,000; the aggregate of the excesses in income over one million would seem to be \$41,000,000. After getting credit for capital net losses of several million, the 46 paid federal tax of \$26,000,000, of which at least \$20,000,000 was on the excess. Even if all of the remaining \$21,000,000 were taken for the new taxes—at a flat super-surtax

of 100 per cent—the sponsors would have to create very rich men at a rate we have never known before to make up the deficit in their estimate!

Changing corporation taxes

COLLECTION of about \$555,000,000 from corporate income tax indicates that the aggregate net income of corporations showing black figures in 1934 continued the gradual improvement of the year before, and probably was about \$3,000,000,000. In 1932 it got down almost to \$2,000,000,000. But there was also an indication that corporations still in red figures had an aggregate deficit of at least \$4,000,000,000.

Instead of renewing the provision for deduction of loss in the prior year, the sudden proposal of the last week in June would have replaced the present tax of 13¾ per cent—

15¾ per cent in the case of railroads filing consolidated returns—with a graduated tax beginning with ten per cent on \$2,000, rising to 14 per cent on \$40,000 to \$50,000 as an income "block," to 17 per cent on \$1,000,000 to \$20,000,000, and 17½ per cent on all more than \$20,000,000. This process was estimated to add \$40,000,000 to the revenue from the corporate tax.

This estimate seems no more dependable than other estimates.

As to the third part of the proposal, the inheritance tax. The new federal inheritance taxes, according to the proposal of the last week in June, would produce almost \$200,000,000 new revenue a year! How far this figure is above actualities may be roughly measured by the fact that the federal estate tax itself produced less than \$150,000,000 in the year ended with June.

It is plain then that the original proposals of the President cannot be taken seriously as revenue raisers. They fit in with those repeated assertions that the wealth and income of the United States is in the hands of a minute numerical minority.

The fact is that the great bulk of the income of the United States goes (Continued on page 46)

"Poverty is the Best Policy"

THE MAN who has done nothing to raise himself above poverty finds that the social doctors flock about him, bringing the capital which they have collected from the other class, and promising him the aid of the state to give him what the other had to work for. In all these schemes . . . the state is thus made to become the protector and guardian of certain classes. The agents who are to direct the state action are, of course, the reformers and philanthropists. Their schemes, therefore, may always be reduced to this type—*that A and B decide what C shall do for D*. . . In all the discussions attention is concentrated on A and B, the noble social reformers, and on D, the "poor" man.

I call C the forgotten man because I have never seen any notice taken of him in any of the discussions. When we have disposed of A, B and D we can better appreciate the case of C, and I think we shall find that he deserves our attention for the worth of his character and the magnitude of his unmerited burdens. Here it may suffice to observe that, on the theory of the social philosophers to whom I have referred, we should get a new maxim of judicious living: Poverty is the best policy. If you get wealth, you will have to support other people; if you do not get wealth, it will be the duty of other people to support you.

It is the Forgotten Man who is threatened by every extension of the paternal theory of government. It is he who must *work* and *pay*. When, therefore, the statesmen and social philosophers sit down to think what the state can do or ought to do, they really mean to decide *what the forgotten man shall do*.

From "What Social Classes Owe to Each Other," by William Graham Sumner. Harper & Brothers, 1883

An Industrialist Thinks Aloud

By W. J. CAMERON
Of the Ford Motor Company

ACADEMICIANS and theorists discuss business as though it were a separate entity, soullessly interested only in making a profit. They forget that it has a very vital place, not only in the lives of those engaged in it but in the happiness and comfort of everyone. Last month in this magazine Mr. Cameron considered several of these human aspects of business. He continues his musings on these pages

Our greatest question, the one of which we are likely to hear least, is the question of the Public itself. It is more basic than taxes and tariffs and budgets, because these have no meaning at all apart from the Public. A country is made up of the people and the land—even land means nothing apart from people. So it should be of immense concern to us that a proposal is being made to denature the American Public by suppressing or eradicating its intrinsic principle of individualism. They will prohibit the birds from nesting, they will eliminate light from sunshine, they will nullify the chemical forces of the earth before they will be able to separate individualism from Americanism. But the fact that such a thing can be seriously proposed compels our vigilance.

But that is not the end of the matter. We must define once and for all what "individualism" is. It is a composite characteristic writ large on every progressive people. Take our own people for example: as we see them coming into this wilderness more than 300 years ago, their every attitude and act is marked by initiative. Every man-jack of them was a self-starter. They had no human help to look to but their own. If they wanted houses, they had to build them. If they wanted food, they had to raise it or hunt it. Their heads were their laboratory; their hearts their government; their hands were their tools. They prospered.

Government beyond the sea feared their progress and sought to prevent it. Americans were forbidden to import machinery; not even the drawings of a machine were allowed to enter the Colonies. The Colonists were to be "stabilized" at a low stage of opportunity. But no one could do that to the sturdy stock that planted this nation. So another element in the character of our people appeared—invention. Every kitchen in the Colonies testified to the inventiveness of the American. Everyone

invented. The first patent granted on these shores was given on a device invented by a farmer's wife. Out at Dearborn, in the Ford Collections, you may read in wood and metal, in leather and wool and clay, the heroic story of American inventive genius. Nothing could suppress their spirit of self-help—their industry—by which they cleared the forest, tilled the land, harnessed the rivers, made the mountains yield their coal and ore, and ultimately filled the land with labor-serving machinery.

Now, upon these three steps—initiative, invention and industry—they rose to independence. Political independence; then intellectual independence; and last of all economic independence. The next advance will be insuring economic independence to every family in the land.

Take these four elements—initiative, invention, industry, independence—and together they spell individualism. That is the quality and that is the equality of nation-builders on both sides of the border. The American people could not, even if they would, divest themselves of it. As Mr. Ford says, the American people are the pioneer extract, the pioneer essence of all the nations represented here, and that essence does not evaporate. These qualities are still with us—they may be in temporary suspense, but they survive. There is no substitute

for them. Our mistake was that we ever thought there could be any substitute for them. And when these cardinal qualities which make up individualism begin to stir again, as surely they will, in our 125,000,000 individual Americans, we shall see the nation move forward.



"Down with privilege" used to be a great battle cry. Our people never did away with privilege—they simply turned private privilege into public franchise and made it a common right. When the strong and adventurous gain benefits for themselves which seem to be class benefits, we do not abolish the benefit but only its exclusiveness.

Thus, the appeal to class ill will is never very successful.

It is on the side of our good will that we are vulnerable. Our people desire that everyone enjoy the good life. And how well the enemies of the American idea know this!

They ask us, "Wouldn't you like to see poverty abolished?" Would we! Who would not?

They ask us, "Wouldn't you like to see employment general and continuous?" Of course we would!

"Wouldn't you like to see old age comfortable and secure?" Yes, and we expect to see it so!—and the whole kitchen side of living so strongly settled in scientific social righteousness that we shall all be free to go on and conquer the higher regions of life.

But to attain these things by going outside our ideal

and standard we think is impossible. Ideas of social improvement are no late repentances of this nation; they are not born of depressions or changed administrations; they are the spirit of American progress from the beginning. We have always been moving in that direction. To say otherwise is to confess ignorance of the steady American social advance.

A Ford workman from Dearborn, away on a visit, recently drove his modest Ford car in the East End of London. He was hooted and threatened by workmen like himself who mistook him for an aristocrat because he had a car. That shows how far we have come in this country, in comparison with other countries, toward general distribution of the goods of life.

Another great gain is that we have learned the best and the worst that Government can do, which is surprisingly little either way. In this job of restoring normal processes to the nation, every American must be his own leader, and every family a kingdom unto itself. Our real planners and financiers are not in the banks or the Treasury or Federal Reserve system, but in the American home. The mothers and wives of America daily surmount financial problems that would leave the money centers gasping. As a nation we might wisely make a New Year's resolution to emulate in public affairs the self-respecting independence of the American home.

If neighborhoods would take themselves off the back of the city; if the cities would take themselves off the back of the state; if the states would take themselves off the back of the Federal Government, all of them would find their own burdens less. For the more heavily we lean on Government for support, the more heavily Government must lean on us for the very support which we demand of it. It all comes from us at last, but in an unnecessarily costly and demoralizing way; it might better come from us in the first place, for that would not stultify our sense of responsibility. This calls first of all for local leadership, and we shall look for our national leaders among those who can solve the problem on their own local doorsteps.

Unnatural elements enter when we define profit as money. It is exclusively in the financial world that one man's profit may be another man's loss. In the natural order it is not so. In the natural order the profit of the field is the crop; the profit of the home is the growing family; the profit of the factory is the product. But in the financial world these profits may take on the aspect of losses. Here is a farmer, an able partner of sun and soil and shower. His good acres respond to his husbandry. In the golden harvest of the year he and his acres stand crowned with increase—the cleanest success on earth. Until he drives down to the village bank and learns that finance has power to cancel nature's gain and call it loss. That is what a money system can do to real wealth and clear profit.

Profit that entails loss is no gain at all, even to the gainer. If buyer and seller do not both gain by the transaction, it is ultimately ruinous to both. Only by an exchange of benefits and an extension of benefits can profit exist at all. We see this in honest industry. Industry is an instrument to produce the things that people use to make their living. The real profit of industry is its useful produce, and its benefits go three ways.

The first profit goes to the customer. He gets creative

labor transformed into some utility for living. The produce he buys must be worth to him more than the money he pays for it. The second share goes to the makers of the product, in wages and salaries. These are profit; they should be a fair and sufficient profit. The third share goes to the manufacturing plant.

As the farmer replenishes the strength of the soil, so industry must secure the factory against obsolescence and decay. Surpluses created in busy times are used to maintain in times of stress this gigantic aid to man. Industry's surpluses do more to tide this country over adversity than any other single thing. They are at this moment our real national treasury.



This country's entire equipment has become obsolete in the past five years and will have to be replaced. Everything is out of date. Financial scavengers who utilize the depression to seize distressed property are collecting the refuse of a bygone age. America is all to be rebuilt! The work is waiting—the men are waiting—what keeps them apart?

Now, one social improvement always calls for another. Perhaps we need a rational conception of money—perhaps we need to think of money as a cog in our transportation system. As long as we regard

money as the chief commodity of commerce—as long as we grow wheat and manufacture goods to buy dollars—as if we lived by dollars—work will be hampered.

A dollar is like a postage stamp that moves a letter from sender to receiver; the function of the dollar is to move goods from man to man. Value is in the letter, not the stamp; value is in the goods, not in the dollar. If postage stamps prevented letters from moving, we would soon revise our postal system. When dollars retard exchange of goods and restrict employment, should we not adopt the same course? That is our view.

The lure of pay rolls brought families by the hundred thousand to industrial centers. Exodus from the farm assumed historic significance. And this need not be regretted. It stirred and freshened the stagnating pool of human enterprise. But obviously the movement to the city could not continue forever—it was quickly countered by a movement from the city to the suburbs.

Today multitudes have returned to the country; for other multitudes this is impossible. But industry can bring the country to them by providing land which they can cultivate near home, and industry can be spread out into the country where the land and the factory may serve as double supports to the security of the home. Such work cannot successfully be done by Government; it can be done by workers and employers, and it appears to be the next social job that industry will take on. Ford industries throughout the country are practicing both these plans. For three years thousands of Ford employees have been provided with gardens to supplement their earnings, and many have had surplus food to share with those less fortunate. And where Ford village industries have been established there is no public welfare problem at all. Planting one's own plot of land is a form of self-help that robs no one. No scheme of unemployment insurance will stand comparison with it, for land provides employment and a livelihood too, but no scheme of unemployment insurance even pretends to provide employment. Yet, if people are to retain their right of self-government, they must recover their responsibility for self-maintenance.

The Legislative Attack on Retailing

By PAUL H. HAYWARD
Of the Staff of Nation's Business

WHERE the housewife shall do the family shopping and the prices she shall pay are only a few of the problems considered this year as the legislatures of 46 states turned their attention to retailing. Here is a survey of laws proposed or enacted

AMONG the enactments of the 46 state legislatures meeting this year have been many laws affecting the retail distribution of goods, but from this welter two general types particularly stand out.

First of these—we shall disregard sales tax legislation, which has had revenue raising as its primary aim—are the resale price maintenance laws, or to use another common designation, the Junior Capper-Kelly laws. The second is that hardy legislative perennial, chain-store tax legislation, to which recent United States Supreme Court decisions have added a new phase.

The professed purpose of the resale price laws is to minimize predatory price cutting. The usual legislative avenue to this end is to allow manufacturers to stipulate, through contracts with retailers, the retail prices at which the manufacturers' trade-marked merchandise is to be sold.

New Jersey enacted a statute having this general objective as early as 1916, and the Capper-Kelly bill which sought a similar objective on a national scale was introduced in five Congresses from 1916 to 1931, always falling short of enactment. Then in 1931 the California Fair Trade Act, or Badham Act, was passed. This Act, as amended in 1933, served as the seed from which more or less similar bills sprouted in 18 states in the first half of the year, and which have matured into laws as this is written in eight in addition to California.

These eight states—New York, New Jersey, Maryland, Oregon, Wis-

consin, Iowa, Pennsylvania and Washington—enacted measures which duplicate or closely pattern the California law, as amended, and the original federal Capper-Kelly bill.

Protecting trade-marks

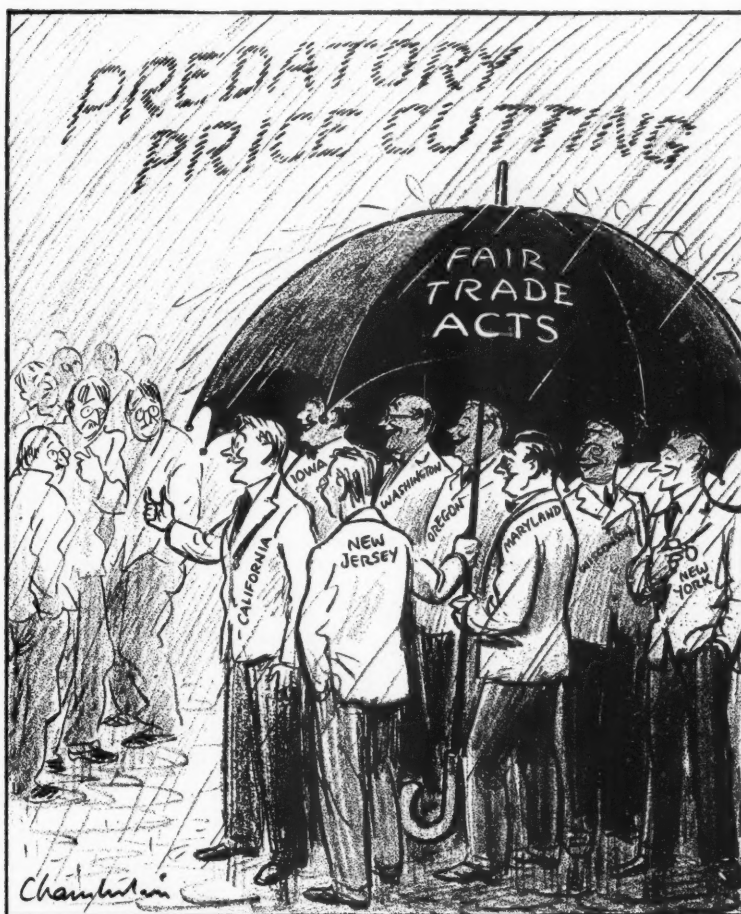
AS originally passed, the California Act had, as its stated purpose, the protection of "trade-mark owners, distributors and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguished trade-mark brand or name." It provided:

1. Permission to manufacturers of trade-marked commodities which are in fair and open competition with commodities of the same general class to make resale price agreements with their wholesale and retail distributors.

2. That wholesalers and retailers would not be bound by such price agreements in the case of legitimate closing out sales; damaged goods, if notice of such damage is given to the public, and sales under court order.

3. That the Act should not apply to sale or resale price agreements between producers or between wholesalers or between retailers.

This bill became law in California at a time of widespread retail price cutting, most marked perhaps in the retail drug trade. The most active



Fair trade laws look good to some retailers—

COURTESY DRUG TOPICS

sponsors of the legislation were independent retail druggists' and grocers' organizations. They hoped that the law would cause manufacturers of trade-marked goods to insist that all retailers handling those goods sign resale price agreements. Thus loss-leader selling, and other forms of price cutting presumably would be curbed and retail competition on a price basis alone be reduced.

Manufacturers, faced with their own competitive problems and desire for increasing volume of sales, were generally reluctant to come under the Act, however. Many feared to stipulate minimum prices for their goods since these might prove higher than the prices of competing products. Hence only a few outstanding manufacturers who had long made resale price maintenance their policy availed themselves of the privilege which the law offered. Hence also retailers who signed resale price agreements with such manufacturers soon found the law back-firing alarmingly. Price cutters were refusing to sign contracts and were continuing to offer either the supposedly protected goods, obtained in devious ways, at prices which contracting retailers were forbidden to meet, or offering competing and unprotected goods at slashed prices.

As a result of this situation, the California legislature in 1933 amended the Act to read:

Willfully and knowingly advertising, offering for sale or selling any commodity at less than the price stipulated in any contract . . . whether the person so

advertising, offering for sale or selling, is or is not a party to such contract, is unfair competition and is actionable at the suit of any person damaged thereby.

There is legal opinion that this amendment is so worded that the establishment of a contract with a single distributor can set the minimum price at which a trade-marked article can be sold by all other distributors in the state, provided the manufacturer notifies them of the contract and the minimum price it stipulates.

200 manufacturers try it

CONSTITUTIONALITY of the amended law was quickly attacked and at this writing has been upheld by several state superior courts and denied by one. This last case is now on appeal before the California Supreme Court.

Whatever its final fate, the amendment (Section 1½) served to revive the moribund 1931 Act. Various retailers' organizations launched active, and on the whole, successful, campaigns to get manufacturers to come under the amended Act. Today upward of 200 manufacturers are operating under the law in California (out-of-state manufacturers must form subsidiary distributing corporations or adopt other means to make their transactions with retailers entirely intra-state).

Since something of the same legal and other difficulties of the California statute may be expected in the states which have passed or are contemplating like laws, it may be useful to cite

the varying views concerning California's experience in the last two years.

Price cutting on protected goods has been reduced but not eliminated, according to report. Some manufacturers who had made resale price agreements with retailers have failed to enforce them; other manufacturers have kept strict check on their retailers and taken court action to enforce contract prices. Some manufacturers, especially those whose products had been cut to very low prices, have stipulated minimum prices which allowed retailers but little profit.

Not a few manufacturers, foreseeing adoption of similar laws in other states, are operating under the Act in California to gauge the effectiveness of the measure. Others have delayed placing themselves under it until its legality is decided.

Proponents of the law—and these seem in the majority, including many manufacturers and smaller retailers—hold that on the whole it has worked. As one California observer writes:

"If there are opponents they are not vocal; certainly the proponents are."

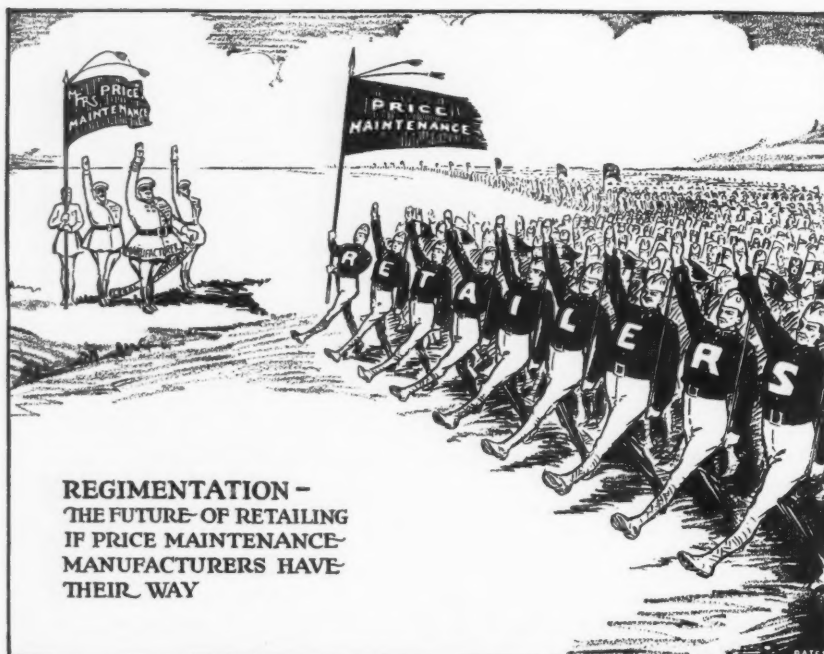
Yet dissenting views exist. The *Bulletin* of the National Retail Dry Goods Association, for example, recently remarked editorially that the California statute has been found to be impracticable and is practically inoperative today. The Limited Price Variety Stores Association recently asserted that, in the Act's operation, "the tendency has been for the manufacturer's minimum resale price to be-

come the maximum price for which his merchandise is sold in any store. This is quite a different result from what has occurred in the states which have no fair trade acts. In those states the prices obtained at retail on trade-marked merchandise tend to be notably higher than in California."

Still another effect, some say, has been to encourage private brands.

Departing from the California scene, we find organized labor opposed to the Iowa duplicate of the bill, fearing that the measure would promote monopoly and result in higher prices to consumers. New York's Governor Lehman, on the other hand, in signing the measure in that state declared that it "in no way sanctions monopoly, monopoly prices or combinations in restraint of free competition between commodities."

These highly contradictory



—Other retailers see dire results from such legislation

COURTESY THE BULLETIN OF THE NATIONAL RETAIL DRY GOODS ASSOCIATION

views illustrate the controversial nature of the subject of price maintenance legislation. Views of individual business men apparently depend largely upon the nature of the business in which they are engaged.

Two other types of resale price law should be given incidental mention. One is known as the Fitch model bill and was introduced in Minnesota (where it failed to pass) and several other states. It would allow a manufacturer to label trade-marked merchandise with the retail resale price and to register packages so labeled with a state authority. Registration would constitute notice to retailers that the labeled price is to be maintained on pain of injunction and legal penalty.

The second is Connecticut's new retail drug control measure which writes into law the essentials of the fair trade practice provisions of the defunct National Retail Drug Code. It became effective July 1 and forbids drug retailers to sell drugs, medicines, cosmetics, toilet preparations or drug sundries at a price below the manufacturer's wholesale list price, save in the case of damaged goods, discontinued lines, etc. Misleading and inaccurate advertising is also banned, and fines of up to \$500 provided for violations.

Before leaving the subject, it is of interest to note that the marked impetus toward enactment of uniform price laws in the various states followed hard upon the setting up of NRA and perhaps was due largely to the attention the latter organization focussed upon the evils of price cutting and loss-leader practices. With the demise of NRA, it may be that uniform price laws will be even more insistently advocated in the 39 states which are still without them. Certainly it would seem that retailers who have gained advantages from code restrictions on price cutting are likely to grasp at any alternative calculated to preserve those advantages. Whether uniform price laws as now framed will survive court tests is still an open question.

A constructive suggestion has been that such laws be made as uniform as possible, since the more uni-

form they are the more feasible it will be for manufacturers having national distribution to operate under them.

Turning to the year's developments in chain-store taxation, we find a new influence being felt through the Supreme Court decisions in the West Virginia case (January 14) and, the Kentucky case (March 11).

The West Virginia decision affirmed in more forthright terms the gist of several earlier chain-store tax decisions to the effect that state legislatures have the power to impose license taxes on chain stores, that such stores can be taxed at rates higher than those applicable to single stores and further that those rates can be fixed higher and higher as the number of stores under single ownership increases. Quoting Mr. Justice Cardozo:

The tax . . . may have its roots in an erroneous conception of the ills of the body politic or of the efficacy of such measures to bring about a cure. We have

no thought in anything we have written to declare it expedient or even just, or for that matter to declare the contrary. We deal with power only.

While the court thus allowed the principle of chain-store taxation, even to the point of destruction, it curbed the method of such taxation two months later in the Kentucky case. That state had struck at chain and other large operations through a tax on gross sales which graduated upward with volume of receipts. Thus the tax ranged from one-twentieth of one per cent on the first \$400,000 of annual gross sales to one per cent on sales of more than \$1,000,000.

In denying the constitutionality of this method of taxing chains, the court recalled that in the earlier case it had upheld classification of chain stores for graduated taxation as reasonable "because of advantages incident to the conduct of multiple stores and obvious differences in chain methods of merchandising as contrasted with those practiced in the operation of one store."

The Kentucky statute, however, the Court declared, presented a "classification of quite another kind" and "arbitrarily classifies . . . vendors for the imposition of a varying rate of taxation, solely by reference to the volume of their transactions." As the concluding words of the decision pointed out, "it exacts from two persons different amounts for the privilege of doing exactly similar acts because the one has performed the act oftener than the others."

Some of the 150-odd chain-store tax bills introduced this year originally proposed both a graduated license tax and the forbidden graduated gross receipts tax. After the Kentucky decision some of these were changed to conform to the approved graduated license or West Virginia type of tax. Some were not.

Despite the number of such bills introduced, however, only two new states have joined the 17¹ which now have chain store tax laws of these kind.

The newcomers are South Dakota and Iowa. Both now
(Continued on page 63)

¹Alabama, Colorado, Florida, Idaho, Indiana, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Montana, New Mexico, the Carolinas, Wisconsin and West Virginia.

Coming in September

★ ★ ★

When the Women Wake Up

By Catherine Curtis

President, Women's Investors League

WOMEN hold three-quarters of America's wealth and one-quarter of its jobs. Yet women incubate most of our public spending and eagerly urge policies of foreign countries where women enjoy little, if any, of the social and economic freedom which this country has given them.

What He Told His Men

AN employer set up a question box and encouraged employees to use it. Among hundreds of questions, a half dozen or so bobbed up repeatedly. What these questions were, and the answers, provide an interesting picture of present-day industrial relationships.

One Man's Faith and Works

A Country Banker's Story

A MAN who has given his life ministering to the financial needs of a small town muses on his failures and achievements. And wonders if a political appointee could have done a better job.

Such as Walk in Darkness

A Short Story by Paul McCrea

THE sudden death of a "capitalist" brings a better understanding between management and labor and ends a bitter strike.

REGULAR FEATURES: Washington review; the state of business (map); new products; new ways of selling

Before Days of Federal

IN printing the photographs on the facing page, it is difficult to resist pointing morals. E. W. McCullough, of the U. S. Chamber's Department of Manufacture, lent them to NATION'S BUSINESS. They were taken near Norfolk, Neb., shortly after the section had been opened to homesteaders. Mr. McCullough knew many of the people, having travelled through the western states in 1886 representing a farm wagon manufacturer.

In those days the sod house was the common type of habitation in that territory. It demonstrated the ingenuity of a sturdy people in solving a housing problem with the materials at hand. The country was dry and almost timberless. Cottonwoods along the streams provided poles on which a sod roof could be laid but finished boards had to come from the East. The walls were thick sod, peeled from the cabin site and laid with broken joints as stone would be. The inside was whitewashed.

The result was not aesthetic but such a home was not necessarily cheerless and Mr. McCullough tells of a visit to the Gates Ranch near Broken Bow where, although the buildings were of sod, the evening was spent singing around a Steinway piano played by the rancher's daughter.

Dust storms in the spring and fall were common in those early days. So were winter blizzards and bottomless roads. But the hardy settlers took these things as a matter of course. The winds, Mr. McCullough says, did not attain the velocity nor continuity that has been reported recently although he remembers frequently see-

ing dust drifts which reached the tops of fences. Perhaps dust storms such as have wrought havoc to prairie communities lately would have prevented settlement of this region. But that is doubtful. The desire to own something, particularly a home for his family, has ever inspired man to do heroic things.

Mr. McCullough knew these homesteaders as a fine people, blessed with a casual courage and a cheerful optimism. His wagons sold for \$70, with a year to pay. Interest rates ran as high as 24 per cent which was not necessarily excessive since the usual security was a chattel mortgage and a good reputation.

Nor were the pioneer business men less courageous than their customers. Groceries and supplies were sold with the understanding that the buyer would settle when he had anything to sell. What he would have to sell included corn, at 15 cents a bushel, and expectations were that he would have three crops in five years.

Such mutual good faith was not new. It had begun in the East and moved westward step by step with new generations of pioneers. These people asked nothing from anybody. They merely wanted a home and the right to earn an honest living. They had faith in themselves and in their country. That faith was justified beyond the expectations of many men, including Mr. McCullough who lent one of the homesteaders \$500 and refused to accept 320 acres of land which was offered in settlement. The land has since sold for \$150 an acre.



A few sod houses still exist but changes have come over them, too. This photograph of a modern sod house reached us after the facing page was made up. The present version, however, has many

advantages that its predecessors did not have. The owner, for instance, obtained a loan from the Home Owners Loan Corporation to help finance this one.

LEO D. HARRIS

Relief



MACY & DOUGHTY, NORFOLK, NEB.

Russian Mennonites. Mr. McCullough suspects that the man in the brown derby was a machinery salesman



This family has followed the common practice of using a side hill as one wall of the cabin

The Little Sod "Shanty" on the Claim

[AIR—"Old Log Cabin in the Lane"]

I AM looking rather seedy now while holding down my claim

And my victuals are not always served the best,
And the mice play slyly 'round me, as I lay me down to sleep

In my little old sod "shanty" on the claim.
Yet I rather like the novelty of living in this way,
Though my bill of fare is always rather tame,
But I'm happy as a clam, on the land of Uncle Sam,
In my little old sod "shanty" on the claim.

CHORUS

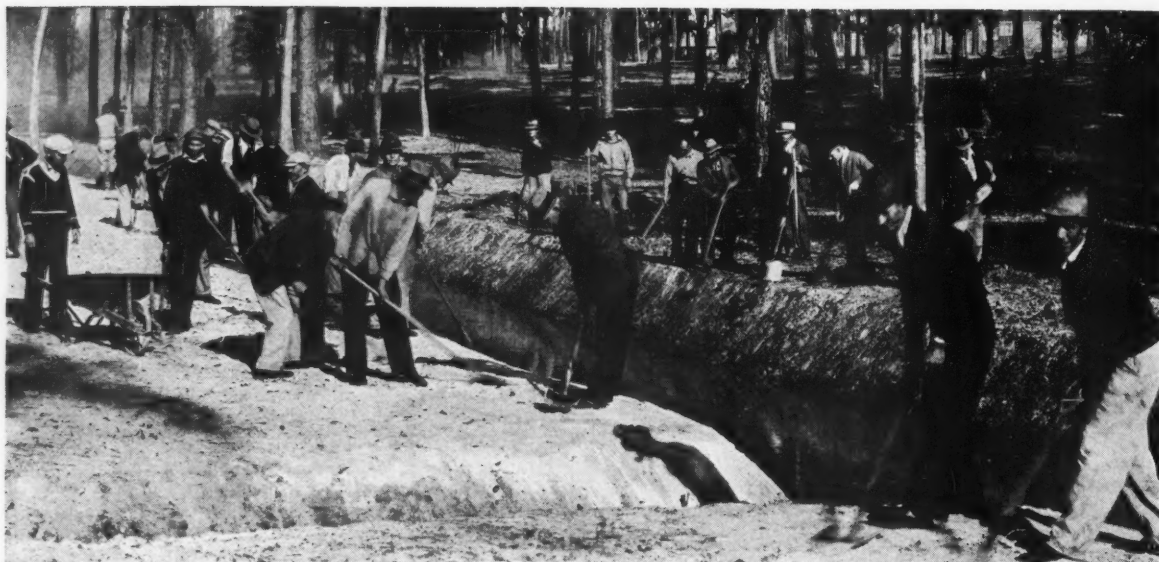
The hinges are of leather and windows have no glass,
While the roof, it lets the howling blizzard in,
And I hear the hungry Coyote, as he sneaks up thro' the grass,
'Round my little old sod "shanty" on the claim.



The window frames are wood, all the rest is sod, even the chimney. The common fuel was grass and "buffalo chips"



This man was a bachelor and a hard worker. His corn field is in good shape and his house is of wood



Insisting that one man be hired for each \$1,100 spent on work relief is a practical ban on worth while projects

Mathematics and Common Sense

By A. P. GREENSFELDER

Chairman, the Construction and Civic Development
Department Committee, the U. S. Chamber of Commerce
Vice Chairman, Construction League of the U. S.

THE MATHEMATICS of the \$4,000,000,000 federal relief plan as made public are presumed to be simple. It is the announced purpose of the Administration to provide a job for every employable head of a family now on relief. There are, it is estimated, 3,500,000 such persons.

Divide four billions by three and a half millions and the answer is \$1,143 a man a year, which, of course, includes materials, supervision, overhead, equipment rental, as well as the man's wages. This assumes there are to be as many on relief at the end of the year as there are now. If so, what then? Is that the actual arithmetic of the situation? What is the common sense of it?

Gen. Hugh S. Johnson, once Boss of the Blue Eagle, is now Works Progress Administrator of New York City. Just before he took that office he wrote in the newspapers:

"The new works relief program is not public works. It is in part a new and more ambitious kind of leaf-raking."

In the same spirit, this article is

CAN the spending of four billion dollars on work-relief do the taxpayer, the unemployed or the country any good? Mr. Greensfelder believes it can. Will it? That is another matter

not "muckraking," but is hopefully constructive.

The "quotient" idea of dividing 3,500,000 men into \$4,000,000,000 and approving no project that exceeds \$1,100 a man a year is a practical ban on useful and permanent projects. This \$1,100 is not a final rule. It has been and may be modified, but the principle, wrong as it is, still guides the program.

Business men are pretty much a unit on the side of common sense as against trivial programs at a cost of \$1,100 an individual. They argue in this fashion:

"If America must spend this sum—and today four billions is just as large an amount as ever to pay off

with taxes—let us have something for our money, something worth while that might otherwise not be done, and which can be measured in foot pounds of efficient performance."

The \$1,100 per man of the Works Progress Administration automatically bars most types of useful public works, including improved modern highways, grade crossing separations, sewer projects, water systems, garbage and rubbish disposal plants, public buildings, flood control, bridges and viaducts, swimming pools and other recreational facilities.

This statement is based largely on the analysis of the cost per man of various forms of relief works made by the PWA. This cost averages more than \$2,000; for buildings it averages \$2,800; for sewer projects, \$1,900; for flood control, \$2,100; for engineering structures, \$2,300; for physical improvements to landing fields, \$3,000; for beaches and swimming pools, \$2,900; for park development, \$1,700.

It is only fair to point out that the



To Fathers of Little Girls

YOU know that there is nothing quite like the bond between father and daughter. It is more than affection. Your little girl looks up to you, confident that you will always take care of her. You want to do everything possible for her welfare—to make sure that she has not only the immediate necessities of life, but that her future will be safe.

You hope to see her reach womanhood and you want to have the happiness of knowing that you have guaranteed safety and security for her up to that point. Perhaps you can go a bit beyond and provide a nest-egg to assure her a good start toward an independent, useful life.

The sure way to do this is through a Life Insurance Program. Then your plans will be fulfilled, even though you may not be here to see them through. A Field-Man will be glad to help you round out a Program of Life Insurance. Telephone to the local Metropolitan office and ask him to call, or mail the coupon.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



Metropolitan Life Insurance Co.,
1 Madison Ave., New York, N.Y. (N)

I am interested in learning more about
a Life Insurance Program which will protect
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METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

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\$1,100 limit has been raised for highway work to \$1,400 per man. In other words, to quote the American Road Builders Association, "for every \$1,400 spent on a project one man must be taken from the relief roll and kept directly at work on the job for one year."

This means, the road builders think, "that only grading and drainage projects will be possible; and it eliminates practically all of the heavy traffic roads that require materials and equipment from a distance."

What is left then for the worker taken from the relief rolls to do under this \$1,100 or \$1,400 plan? Secondary roads, grading and draining more important highways, plant disease control, surveying, census tak-

ing, and other odd jobs. Why put the unemployed now on relief at such tasks as these? Will it help to improve their mental states; will it make them better fitted to return to normal tasks as the country begins to reabsorb employment? The social worker will tell you, wistfully, "Yes, the state of mind of the man who must have relief is better if he feels that he is working for the money he receives." I wish this were true.

The real answer is that the man who is set to do a task not worth while, or for which he is not trained, knows the kind of job he is doing.

That is the first and a great objection to the Administration policy of putting men at work, not that they may accomplish something of value,

but that they may not be idle. Moreover, where the work imposed in place of direct relief has more "worthwhileness" than usual, it is likely to deprive the ordinary casual odd jobs men of a community of their means of earning a living.

A second reason against the policy which is advocated is that it entirely disregards the fact that the manufacture of materials gives employment to men in whatever places construction materials are made. For every man at work on a hard surface road, another man is at work elsewhere producing the materials the road builder is using. Isn't that better than putting the two men directly to work in the field on a road improvement which the first heavy rain may

Washington's New Diplomatic Set



John P. Brennan, ambassador to Washington from the city of Boston

Charles Bennett Smith, sent to Washington from Buffalo to keep his city posted on developments



INCREASING centralization of Government affairs in Washington has developed a new form of diplomacy. Several cities and states have approved appropriations to pay the expenses of "ambassadors" in the capital. It is the duty of these men to watch federal developments and to advance the interests of their home localities.

The state of Arizona was one of the first to provide for such a representative, the legislature appropriating funds to send a man to Washington as the need arose. The cities of Buffalo, Boston, and Niagara Falls also have taken steps. Mayor La Guardia of New York has opened a Washington office.

Boston has an appropriation of \$25,000 for "employment of an agent for facilitating allocations and gathering information." Buffalo's representative is to assist in "procuring approval of suitable projects in federal financial aid."

Men selected for the posts are usually former members of Congress or newspaper men. The importance of knowing the ropes in Washington is emphasized. Students of government see in this movement a significant departure from the established order.

FOR NATION'S BUSINESS BY MCAVOY

Chevrolet


FOR 1935



The Master De Luxe Sport Coupe

ITS PERFORMANCE IS QUALITY IN ACTION

"Look, there's one!" Such is the bystander's eager tribute to Master De Luxe beauty when this luxurious car appears on the avenue. But you will have to look quickly, or it will be out of sight, for in performance, too, it bears the hallmark of quality. It snaps away from the traffic light in the wink of an eye. It delivers its power with the smooth ease of a trained athlete. And it rides all types of roads with that special Knee-Action comfort and safety which are exclusive to Chevrolet in its price range. Yes, indeed, Master De Luxe performance is quality in action. And the Master De Luxe is even more economical than the very thrifty Chevrolets of previous years! See it, drive it, and choose Chevrolet for quality at low cost.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

Compare Chevrolet's low delivered prices and easy G. M. A. C. terms. A General Motors Value

TURRET-TOP BODY BY FISHER (WITH NO DRAFT VENTILATION) . . . IMPROVED KNEE-ACTION RIDE . . . BLUE-FLAME VALVE-IN-HEAD ENGINE . . . WEATHERPROOF CABLE-CONTROLLED BRAKES . . . SHOCK-PROOF STEERING

put out of service? The following quotation from a Bureau of Labor Statistics report tells the story:

More than \$320,000,000 was paid out in wages to workers directly employed on construction jobs financed by the Public Works Administration since its beginning in July, 1933, and up to December, 1934, inclusive. In addition, \$671,000,000 was spent for materials. A large percentage of the amount spent on materials went to pay wages in manufacturing, mining, and transportation fields.

Approximately 34½ cents out of every dollar spent by the PWA on its construction program, as a whole, went directly to labor in wage payments for work done at the site of construction. The remaining 65½ cents was spent on materials.

The proportion of money spent on direct labor and on materials varies widely with the nature of the construction project. For instance, in forestry work nearly 69 cents out of every dollar went to labor directly and 31 cents was spent

on materials. For railroad-shop work, on the other hand, only 23 cents went to pay rolls directly and 77 cents was spent on materials.

Nearly one-half of the total amount of money disbursed by the PWA for direct wages went to workers employed on road construction. Out of every dollar spent for labor on road building, 70 cents went to semi-skilled and unskilled workers and 30 cents to skilled labor. Building construction ranked second in the amount of money disbursed in pay rolls. On this type of project, skilled workers averaged approximately 62 cents out of every dollar paid out in wages, while semi-skilled and unskilled labor received the remaining 38 cents.

A third point is this: The Administration's present program seemingly ignores the regenerating effect which the construction of sound, needed public works has upon private enterprise. For example, the improvement

of the sanitary conditions in a residential neighborhood through the construction of a needed sewer system not only conserves human health, but increases property values and leads to reconditioning of existing properties and to other construction.

Going forward with needed and planned public works within reasonable limits is a sound procedure during a depression. Such a procedure maintains a certain volume of employment in the capital goods industries, which are the hardest hit, in creating permanent public improvement, which in turn with the restoration of confidence will generate healthy private activity.

A fourth, less immediate, reason is that a works program, for those on relief only, overlooks the practical difficulties of explaining to men who are unemployed but not on relief why they cannot also participate. Inevitably such a policy tends to swell the relief lists. It also tends to freeze the relief lists.

Where relief status gives a worker a preferred position in getting on the made-work pay roll, he is naturally going to turn down odd jobs or temporary work, or otherwise refuse to strike out independently for himself and his family.

It is a sound policy that public employment should consider any unemployed person on the basis of his merit and qualification for the particular work offered. Work-relief, except for such special undertakings at subsistence wages as the CCC, should be minimized.

The nation's business men are not unsympathetic. They, too, are humane. They want to supply needs to the needy.

Relief for destitution should be provided directly in cash at the recipient's home, and administered by competent local agencies.

Public Works and relief should be divorced or, in attempting to solve the relief program, we shall hurt not only the construction industry, but all other industry dependent upon it. Or else in trying to force through a huge work-relief program, the Government, consciously or unconsciously, will tend to socialize the construction industry, and perhaps afterwards all other related industries.

If prompt industrial recovery is essential to create private reemployment by the time this huge relief fund is spent, then the facilities of private enterprise should be employed and encouraged now as the Joint Resolution appropriating the fund stipulated. Reemployment, repurchasing power and recovery will follow one another today, as they did in leading the way out of previous depressions.

BELLRINGERS



What is Money?

EVERYBODY can provide his own answer with the shadow, if not the substance of money.

"All things to all men" begs the question.

Money is definable only in terms of its use, says the Household Finance Corporation of Chicago. To quote:

Money assumes the character of its use. Ask a banker what money is and he will say that it is a commodity—he buys and sells it. Ask the Secretary of the Treasury what money is and he will say it is a force—he distributes it and he observes that it makes the wheels of business go 'round.

Ask the harried young heiress what money is and she will tell you it's a curse—she never ceases to suffer notoriety, criticism, heart-breaks because of it. Ask the parish priest what money is and he will

say it's a blessing—he observes how charitable gifts of money relieve hunger and distress.

Thus, when all the dictionaries have been read, one is astounded to discover that no one can say what money is. Like electricity, it defies description. We know what money does, what its effect is, what laws govern its use, what kind of activities it will keep going, what it will buy, what it will earn. But every human being's description of money must of necessity be different, because every human being is different.

Money means food to one, liberty to another, a new house to this one, and one more drink to the drunkard. Money is what you use it for, therefore, you can only describe the nature and character of money when you know the use to which it is being put.

Profitable Offspring of Business

By A. L. WHITE

A CHEMICAL company develops a new plaster and building block; a large company manufacturing leather belting adds a department in leather craft work; a famous maker of tools makes a toy; a manufacturer of aprons turns to putting up quilt patterns; a manufacturer of grinding wheels makes non-skid flooring—all these queer offspring of big businesses have been born of efforts to achieve economy in production, to put to practical use every bit of raw material or to salvage a by-product.

Possibly one of the most surprising offspring of industry is a building block developed by The Rumford Chemical Works, a manufacturer of phosphoric acid. In the manufacture of phosphoric acid, a troublesome by-product is calcium sulphate.

The Rumford laboratories set to work to find some method of making calcium sulphate marketable.

They finally developed a plaster suitable for partition walls and similar uses. It has a low specific gravity and high compressive strength. It is fire and sound resistant and a non-conductor of heat and cold.

This material is also manufactured into the form of shoe tile for protecting steel beams and columns from fire. The production of this plaster in no way affects the company's regular production of phosphoric acid, since the waste material flows directly to the apparatus necessary to convert it.

Often a company seeks a side line in an effort to use all of its raw materials. This was the case with Graton and Knight, an old New England firm. Its output of leather belting, originally its sole product, became so large that it established its own tannery.

But only about one-third of a hide is suitable for belting. To use the remaining parts, the company began to hunt for new products. Thus came into existence the department known as the Leathercraft Studios.

Beginning by making strips of leather for lacings and braidings to be used in Boy Scout work, this department has gradually expanded into a full line of leathercraft, including not only all kinds of leather, but the tools, patterns and instructions for this craft.

So that even a novice in the crafts may know how to proceed, the Studios have issued a booklet giving

comprehensive instructions for making leather articles, describing the various kinds of leather, and the purpose for which each type can be used.

Studying a new field

ANOTHER large New England company, the Stanley Works, famous for its tools, has also developed a side line. In its research work both on production and marketing, the company supposed that it had developed every possible use for hinges, but a Frenchman showed them one more use—a construction toy, the American rights to which he offered Stanley Works. The set includes square, rectangular and triangular steel plates, along the edges of which are loops which fit together in the same manner as hinges and which are fastened by means of steel rods. This toy fitted perfectly into Stanley's manufacturing processes.

The company's problem, then, was not one of production. That was simple. Its question was one of selling, because selling a toy is quite different from marketing hinges. Toy markets were studied. The company obtained and digested all available sales data on toys compiled by the Government and by toy associations. These gave valuable leads as to methods of merchandising toys, and the firms, jobbers and retailers, interested in handling toys, also statistics of the whole industry. Further information was obtained by calls upon the toy trade papers and toy manufacturers in non-competing lines, and talks with association officials and advertising agents.

Fortified with this information, the factory worked out a toy that would meet the requirements of the American market. Two young men in the factory were assigned to develop models, and, on advice of toy shops, the sets were arranged for seven ages, ranging in complexity from simple models for a child of six or thereabouts, up to models suitable for the various ages into the teens.

To fortify its manufacture of household aprons against the competition in that line, the John C. Michael Company adds a side line of cut-to-size quilt patches, using materials left over from apron manufacture.

The company puts up the patches

in an assortment of patterns which are generally popular with quilt makers, such as "Star of the East," and "Tulip Gardens," besides many new patterns of unusual design.

Since a quilt, if made of the best materials, will outlive the maker, the company adopted a marketing method for quilt patches very different from that used in selling aprons. The aprons are sold to the retail stores, but the quilt patches are sold direct to the consumer. Today those customers are found in every state and in Hawaii and the Philippines.

Mass production of a basic material often creates a problem and keeps the research laboratories busy trying to discover new products in which the material can be used. At Niagara Falls, where it is possible to operate electric furnaces economically, the Norton Company produces artificial abrasives known by the trade-marked names "Alundum" and "Crystolon." Alundum is made from a soft clay-like mineral, bauxite, brought from the Norton mines in Arkansas.

At first, the company produced these abrasives only for grinding wheels, but to find uses for all the sizes of grains obtained in the screenings, it has now developed several new products.

Safety as a by-product

ONE of these is a non-skid flooring, a combination of alundum aggregates with marble chips and a cement binder. Four general classes of these floor products have been developed. Vitri-fied tiles are used chiefly as nosing on stair treads and on ramps where sure footing is desired. Alundum aggregates, the second non-slip floor product, are sold in bulk and are used extensively for ramps. Alundum aggregates combined with marble chips form alundum terrazzo in a great variety of color schemes and artistic effects. Alundum ceramic mosaic tile is often used around swimming pools, not only for artistic effects, but to provide safe, firm footing.

Many other large manufacturing companies have laboratories in which research is being carried on constantly to evolve new products by which surplus raw material or waste may be turned into profits.

No Business Can Escape Change

Hero or villain, builder or wrecker,
friend or mortal foe, Change plays
out a rôle in every business

A jet black finish, described as lustrous, scratch-proof and firmly adherent, is given common grades of iron or steel by a new chemical process which involves simple immersion in an aqueous bath. . . .

A recently developed drive screw nail for use with galvanized sheet steel roofing has a lead collar under the head and down the shank which plugs and seals the hole. . . .

Enameled aluminum sheet is used in a recently developed tile for kitchen, bath, etc. Made in individual pieces, it's said not to craze or chip, to be applicable to any fairly even surface. . . .

Enameled sinks in which steel replaces cast iron (cutting weight 65 per cent), introduced some months ago, are now joined by drawn metal bath and laundry tubs, lavatories, etc. . . .

A new faucet adapter fits any standard faucet, locks in place. It's offered in two styles—one having a push-on connection for soft rubber hose, the other a coupling for garden hose. . . .

A new radio "A" battery of the rechargeable type contains a semi-solid solution in place of the usual liquid. It ends danger of damage to rugs and drapes from spilled acid. . . .

A complete kitchenette for one-room apartments is contained in a new movable cabinet. It plugs into any electric outlet, provides stove, oven, refrigerator, table, storage, etc. . . .

Groping for light switches in the dark is ended by a new, easy-to-install switch plate which emits a tiny glow when the switch is off. It's said never to burn out, to require so little current that numbers can be used without registering on the meter. . . .

Moisture-absorption is said to be cut to a minimum in a new wallboard which needs no primer and but a single paint coat. Used with special mouldings and ornaments, panelled ceilings without visible cracks or joints can be built. . . .

A new, dense flooring for factories, shipping platforms, etc., is described as highly resistant to abrasion, water and acid proof, noiseless, applicable to concrete, wood or steel bases. . . .

A barrier against water and dampness in brick walls is afforded by new preformed flashing units, tough and resilient, which are built into the wall as brickwork progresses. . . .

Through a new screen, photo-engravers are enabled to produce half-tones giving the effect of circular line drawings. . . .

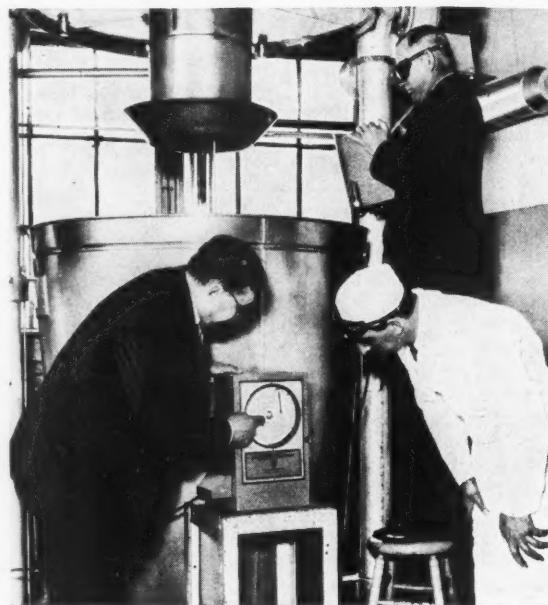
Garden enthusiasts are now offered a floating aluminum lily pad which conceals a 60-watt lamp beneath its metal skirts and affords illumination of the garden pool at night. . . .

Likewise designed for the garden pool is a new, small electric pump for recirculating water for falls, fountains, etc. It is said to handle up to 190 gallons an hour, at little cost. . . .

Weighing 93 pounds, a new 3" centrifugal pump with built-in gasoline engine can be carried by one man, has a 28' suction lift, handles 15,000 gallons per hour. It's designed for construction and other jobs where mobility is important. . . .

Leaks in pitted or corroded pipe lines are said to be instantly repaired at minimum cost with a new pressed steel clamp and special rubber gasket. The half of the clamp covering the leak can be welded to the pipe as a patch if desired. . . .

Watering of batteries is simplified by a new device which fits on any ordinary pint or quart bottle neck, automatically cuts off the flow when the correct water level is reached. . . .



Exact check is kept on Vitamin D content of milk and other foods during progress of irradiation by a new ultra-violet ray meter. Heretofore Vitamin D potency of foods has been determined by lengthy and tedious tests upon animals

Developed especially for removing oil and grease from garage floors, a new quick-acting cleaning material is said to reduce the amount of brushing required, to give off no objectionable fumes. It's also used for cleaning motors, parts, radiators. . . .

Full automatic protection is given water-cooled internal combustion engines by a new temperature control. Sealed in a glass tube, it can be used to stop the engine, signal, vary the flow of water, etc., when a predetermined temperature is reached. . . .

Eight cubic yards of dirt can be hauled at speeds up to 16 m. p. h. by a new trailer-type wagon and tractor unit. It rides on six big low-pressure tires, is operated by one man. . . .

Shoe manufacturers are offered a new transparent shoe pattern. It permits a full, clear view of the skin over which it is laid, enables cutters to avoid defects and effect savings in stock. . . .

Speed of 25,000 r. p. m. is developed by a new 15-ounce electric hand tool for light grinding, drilling, polishing, cutting, carving, sanding, etc. It operates on alternate or direct current. . . .

Watchmakers, others who do close work, are offered telescopic spectacles with new multifocal lens which permit use of the same glasses for near, distant or magnified vision. . . .

Coating of biscuits, cookies, etc., with butter or other sprayables is speeded, waste of material minimized by a new machine. It coats top and bottom of the product simultaneously, operates at a conveyor speed of 70 feet a minute. . . .

A new liquid pipe sweetener, consisting of alcohol and certain aromatic oils, is said to rid stem and bottom of bowl of soggy dregs, impart a pleasant flavor to the wood. . . .

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

—PAUL H. HAYWARD

"GOODRICH TIRES NEVER LET US DOWN!"

says **RAY BURRIS**, Foreman
Landon Cartage Co., Chicago

NO SIDEWALL FAILURES SINCE EQUIPPING WITH TRIPLE PROTECTED SILVERTOWNS

In comes an order to move a 42,000-pound well-drilling machine. Next it's a rush load to get aboard the St. Paul Express. Or a fragile cargo of glass that must be moved quickly—safely. One hundred and forty-five trucks and trailers are kept busy at the F. Landon Cartage Company. Every kind of hauling job. And every one on Goodrich Silvertowns!

How do these tires take it? Listen to Mr. Lee S. Landon: "The stops and starts of city traffic are hard on tires but we find that the new Silvertowns always stand up. They give us an average of 50,000 to 60,000 miles. The new Triple Protected Silvertowns are even better than the former Goodrich Tires which gave us such good service."

You, too, should use this new kind of tire. There's nothing else like it! Because a revolutionary invention in the sidewall actually checks 80% of premature failures! This sidewall protection, this Triple Protection, prevents a big cause of blow-outs—cuts down delays—slashes tire bills.

Big News FOR 1/2-TON TRUCK OWNERS

Goodrich has developed a new tire for half-ton trucks. It's the "Commercial 15." It's a low pressure tire with the combined advantages of an automobile and truck tire. Gives longer mileage, blow-out protection, non-skid safety. Ask to see the "Commercial 15"—the smartest-looking tire ever built for delivery trucks.

If you want to set a new high for mileage, a new low for costs, get the only tire that has this 3-way protection:

1 PLYFLEX—a new, tough, sturdy rubber material with greater resistance to stretch. A layer of Plyflex in the sidewall prevents ply separation—distributes stresses—checks local weakness.

2 PLY-LOCK—the new Goodrich way of locking the plies about the bead. Anchoring them in place. Positive protection against the short plies tearing loose above the bead.

3 100% FULL-FLOATING CORD—Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other, they rub—get hot—break. In Silvertowns, there are no cross cords. No friction.

Don't delay. Follow the lead of the sharp buyers. Put Triple Protected Silvertowns on every truck wheel. You pay nothing extra for the extra service you are bound to get.

FREE! 44-PAGE HANDBOOK FOR TRUCK OPERATORS

Every truck owner, every driver should have this big 44-page handbook. Gives commodity weights, tire load capacities, inflation schedules, dual spacing chart, load analysis and other useful information. No obligation. Write for free copy. Dept. T-87, The B. F. Goodrich Company, Akron, Ohio.

80% of Premature
Truck Tire Failures
Occur in the Sidewall
—the "Failure Zone"

Only GOODRICH
Offers This 3-Way
Sidewall Protection—
1. Plyflex 2. Ply-lock
3. Full Floating Cord

Goodrich Triple Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

Commuting the Death Sentence

WHAT is the issue on this bill? In a few words, the issue is whether we will regulate or whether we will destroy. My position is, and long has been, that the utility holding companies should be rigidly and sharply regulated. The interests of the public, of the investors, and of the consumers should be protected by adequate regulation.

I have some authority for that position. I read from the Democratic platform of 1932:

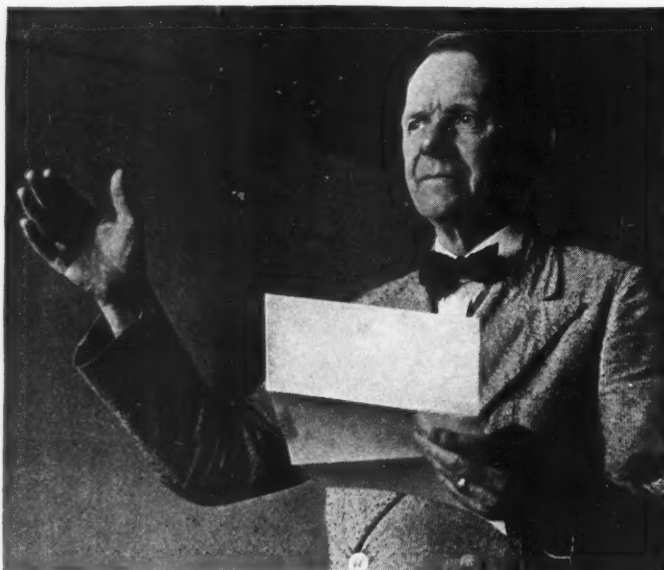
We advocate regulation to the full extent of Federal power of holding companies which sell securities in interstate commerce.

Upon that plank I stand. Mark you! It says "regulate." It does not say "destroy." Those who advocate destruction cannot quarrel with me for my Democracy. No Democrat can find fault with me for standing upon the Democratic platform of 1932. Socialists, radicals, and what nots have the right to quarrel with me, but no Democrat dare challenge me on that.

The issue is: Shall we "regulate" or shall we "destroy"? That in turn resolves itself into this: Shall we correct the evils of the holding companies or shall we wreak vengeance upon them? Do you come to preserve, to build up, to correct, to improve that which is imperfect, or do you come in a punitive spirit, to punish for the misdeeds of the past?

You would take vengeance, you say, by destroying the holding companies. Take vengeance upon whom? On the corporations who, as Mr. Rayburn has said, are inanimate creatures and without souls? Would you take vengeance upon the corporation officials, who were guilty of the misdeeds and wrongs of which you complain? Some of these you would have to pursue into the Great Beyond, and I would suggest that you clothe yourselves with asbestos before you start on the quest. In very few instances do those individuals who took part in the wild speculation and the high finance of the period ending in 1929 remain in charge of the companies that they directed up to that time.

Who would you go after then? Do you want to "soak" their successors in office? You cannot strike them



Representative George Huddleston

BY A VOTE of 216 to 146, the House of Representatives rejected the Administration "death sentence" provision in the controversial holding company bill (S.-2796). In two subsequent votes the House stood to its guns. Three days before the first vote was taken, Representative Huddleston of Alabama spoke against the idea of arbitrary abolition. At the end of his speech waves of wild applause swept the chamber. Colleagues pressed forward to shake his hand. It was an ovation seldom witnessed. "A flash of independence," said the New York "Times." "It overturned Congressional tradition," said a Congressman, "it really changed votes." Here are some of the high points of Representative Huddleston's address.

without striking the stockholders who stand back of them. What have the hapless investors done that you should seek vengeance upon them? What have those who have put their savings of a lifetime into these securities done? What is their offense? What is their crime for which you are seeking to punish them?

The spirit of speculation

THEIR only crime was that they were too trustful; they accepted too much or they believed, like millions of our people believed, that the orgy

of 1926, 1927 and 1928 was a permanent and normal condition. The situation is not different in the utility field from other fields. The spirit of speculation pervaded the land. The humblest wheelbarrow roller in our districts would have done the same thing that was done by those whom you now condemn had he only had the opportunity. What is the use of fooling ourselves?

The only crime of these investors is that they were too credulous. Their only crime is that already they have been punished and have lost most of

(Continued on page 52)

Parable of the Seven Pairs of Shoes

By PAUL McCREA

In that land was a Maker of Shoes.
And he worked at his last and in a
while he maketh seven pairs of shoes

• • •

The first he sent to his King
The second he exchanged for food
The third he exchanged for a hide from
which to make more shoes
The fourth he gave to his Man Servant
The fifth he gave to his Maid Servant
The sixth he strapped upon his feet
And the seventh he laid away saying
One day when my awl shall be worn
out this pair shall I exchange for another.

• • •

Now it came to pass that one who had
wasted his substance walked wailing
through the land. And his lament was
heard from afar off. And when he was
come to the palace, the King ques-
tioned him saying

How come this doleful sound

And the wailing one spake to the King
saying

Oh, Most High, verily I am barefoot and
have no shoes.

And the King spake saying

It is not good that one should go unshod
while one has shoes in plenty

And the King summoned his courier
saying

Go thou and tell the Shoemaker that his
King desires another pair of shoes
now and thenceforward

And it was done and the Shoemaker
sent that pair which he had laid away.

• • •

And in a while the Maker of Shoes be-
ing still at his last maketh seven pairs
of shoes

The first and second he sent to his King

The third he exchanged for food

The fourth he exchanged for a hide
from which to make more shoes

The fifth he gave to his Man Servant

The sixth he gave to his Maid Servant

And the seventh he strapped upon his
feet

• • •

And the Maker of Awls came and
stood before the Shoemaker. And to
him the Shoemaker spake saying
Woe is me, but I have no shoes to give
thee

And the Maker of Awls went into the
highways and byways and he made
a doleful sound and he met one who
spake to him saying

What's the big idea

And the Maker of Awls answered say-
ing

Lo, I have awls of the finest, yet am I
barefoot.

And him he met spake saying

Once I was barefoot and my King gave
me shoes. Come thou to the King

And they came to the King. And the
King called his courier and spake
saying

Go thou and tell the Shoemaker that his
King desires another pair of shoes
now and thenceforward

And it was done and the Shoemaker
sent that pair which he had strapped
upon his feet

• • •

And in a while being still at his last the
Shoemaker maketh seven pairs of
shoes

The first second and third he sent to his
King

The fourth he exchanged for food

The fifth he exchanged for a hide

The sixth he gave to his Man Servant

And the seventh he strapped upon his
feet

• • •

Then his Maid Servant stood before
him and he spake saying

Woe is me but I have no shoes to give
thee

And the Maid Servant went into the
highways and the byways and she
made a doleful sound and she met two
who spake to her saying

Once we were barefoot and our King
gave us shoes. Come thou to the King

And they came to the King who called
his courier and spake saying

Go thou and tell the Shoemaker that
his King desires another pair of shoes
now and thenceforward

And it was done

• • •

And in a while the Shoemaker being
still at his last maketh seven pairs of
shoes

The first second third and fourth he sent
to his King

The fifth he exchanged for food

The sixth he exchanged for a hide

And the seventh he strapped upon his
feet

• • •

Then his Man Servant stood before
him and to him the Shoemaker spake
saying

Woe is me but, see I have no shoes to
give thee

And the Man Servant went into the
highways and byways and he made a
doleful sound and he met three who
spake to him saying

Come thou to our King and he will give
thee shoes

• • •

And it was done, and in a while the
Shoemaker being still at his last
maketh seven pairs of shoes

The first second third fourth and fifth
he sent to his King

The sixth he exchanged for a hide

And the seventh he strapped upon his
feet

• • •

And the Seller of Food stood before
him and the Shoemaker spake saying
Woe is me but see I have no shoes to
give thee

And the Seller of Food went into the
highways and byways and he made a
doleful sound and he met four who
spake to him saying

Come thou to our King and he will give
thee shoes

• • •

And it was done and in a while the
Shoemaker being still at his last had
fashioned seven pairs of shoes

The first second third fourth fifth and
sixth he sent to his King

The Seventh he strapped upon his feet

• • •

And the Seller of Hides stood before
him and the Shoemaker spake saying
Woe is me, but I have no shoes to give
thee

And the Seller of Hides went into the
highways and byways and he made a
doleful sound and he met five who
spake saying

Our King will give thee shoes

• • •

And it was done and in a while the Shoe-
maker being still at his last maketh
seven pairs of shoes out of scraps

The first second third fourth fifth sixth
and seventh he sent to his King

And the King spake saying

These shoes are of bad quality, thou
chiseller

Then taking his staff the Shoemaker
spake softly to himself saying

To hell with all this

And he went into the highways and by-
ways where he met six who spake to
him saying

Our King will give thee shoes

And extending his tongue between his
lips the Shoemaker made a doleful
sound.

A Test of Constitutionality

By NATHAN BOONE WILLIAMS

IN JUNE, 1934, the Congress of the United States passed a declaratory judgment law. Lawyers knew about it, talked about it, it was invoked in a few cases, but business paid little attention to it.

Then on June 14, 1935, just a year after its passage, Harper Sibley, President of the United States Chamber of Commerce, said in a radio address:

There is even a new statute which may prove of real helpfulness [in deciding how far business may go in voluntary agreements]. This law was enacted in June, 1934, almost without public notice. It authorizes the federal courts to hand down declaratory judgments, probably the nearest approach to be had to effective "opinions in advance" respecting antitrust laws which many business men so long have asked. This federal statute is short and worth repeating. It reads:

"In cases of actual controversy the courts of the United States shall have power upon petition . . . or other appropriate pleadings to declare rights and other legal relations of any interested party petitioning for such declaration . . . and such declaration shall have the force and effect of a final judgment or decree and be reviewable as such."

How can this Act which had been before the Congress for 15 years, which has been a part of the legal system of 34 states, help business to determine its rights?

Much time in litigation

UNDER present procedure, the time taken to settle the constitutionality of acts of Congress affecting business varies greatly.

The National Industrial Recovery Act became a law on June 16, 1933. A little less than two years later the Supreme Court of the United States declared in the Schechter chicken case that the law was invalid.

Congress on June 16, 1934, passed a pension law for the railroads. Less than 11 months later, the Supreme Court declared that law contrary to the Constitution.

What makes this difference in time? One reason perhaps is that, in the railroad case, opposition was united. The roads without exception were against it. They were eager for a speedy ruling. They took a direct route through an application for an injunction in the Supreme Court of the District of Columbia. The court

granted the injunction, declaring the law unconstitutional. The case was taken immediately to the United States Supreme Court.

In the case of NIRA, there was no united opposition. Many industries were ready to try out the codes; others thought the law burdensome and were eager to have it declared void. Actions which involved the Recovery Act were largely criminal. It lay with the Government to decide which should be put before the highest court.

We have now such measures as the Wagner labor disputes bill, the Social Security law, the Guffey coal control bill, various amendments to the AAA. Can the Declaratory Judgment Act be invoked to expedite settlement of the complicated questions certain to arise from this legislation?

In my opinion such doubts and uncertainties as may exist may be readily dissipated by the proper use of the declaratory action; and all without that hostility or general attitude of combat commonly present in court procedure. The legality of administrative action or the constitutional application of the questioned measures are all matters of law to be determined by the judiciary under the principles of a written Constitution. The declaratory action is the ready route to judicial decision. It may be invoked by the citizen. It might save later embarrassment to government officials were they to use this procedure to determine their own powers, rather than to take action which later may be determined to be without legal or constitutional warrant.

If actions are appropriately brought and diligently prosecuted, it is possible under the rules and practices of the United States Supreme Court to take its opinion within less than six months. This should be and is the answer to the common suggestion concerning the law's delay.

Is the law itself constitutional? State courts have approved almost identical statutes, but the final answer must come from the United States Supreme Court. The question is judicial power under the Constitution.

Article III, Section 1, says:

The judicial power of the United States shall be vested in one Supreme Court,

and in such inferior courts as the Congress may from time to time ordain and establish. . . .

Article III, Section 2, provides:

The Judicial power shall extend to all cases in law and equity arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; . . . to controversies to which the United States shall be a party; to controversies . . . between citizens of different states. . . .

The key words of the new law are: "In cases of actual controversy." As a distinguished advocate of the measure once said: "We have the same court, the same jurisdiction, the same parties and the same question." He added, that heretofore, "You take a step in the dark and then turn on the light to see if you have stepped into a hole. Under the Declaratory Judgment law you turn on the light and then take your step."

Actual controversy

WHAT is an actual controversy? My lawyer friends will find interesting and informative citations in Federal Statutes Annotated, Vol. XI, containing notes on the Constitution. They will also wish to examine *Nashville, Chattanooga and St. Louis Ry. Co. v. Wallace*, decided by the Supreme Court of the United States in 1933, 288 U. S., 249. In this case the Court, despite some hesitation and disturbing dicta in earlier cases, decided that the novelty of the proceedings presented no difficulty because "the Constitution does not require that the case or controversy should be presented by traditional forms of procedure, invoking only traditional remedies. . . ." The case must retain "the essentials of an adversary proceeding involving a real, not hypothetical, controversy."

Perhaps the rule has never been better stated than by the Supreme Court of Tennessee, which said:

The only controversy necessary to invoke the action of the court and have it declare rights . . . is that the question must be real, not theoretical; the person raising it must have a real interest and there must be someone having a real interest in the question who may oppose the declaration sought.

While long overlooked by most lawyers, the measure has received its initial and successful test in ques-

tioning the constitutionality of the Kerr-Smith tobacco control Act in a proceeding in the District Court of Kentucky. Actions are pending in Maryland, Kentucky and Pennsylvania seeking declarations as to the constitutionality of the processing tax on hogs, while the cotton control Act is under attack in Texas federal courts.

In the tobacco cases the plaintiff sought an injunction to prevent the collection of the taxes. A federal statute provides that proper procedure is to wait until the taxes are paid and then to sue for the recovery of the money. The Government's attorneys asked that the case be dismissed and that the plaintiffs begin the suit anew in what they held was the proper form. The court, invoking the Declaratory Judgment Act, held that, since there was before them a case of "actual controversy," it would decide the action on its merits. When that case reaches the Supreme Court its ruling may go far to decide the possibilities of the new law.

The relief from uncertainty of application or effect of a given statute,

which may be obtained by procedure under the Declaratory Judgment Act, is not to be confused with the idea of "advisory opinions," where under the constitution of at least one state—Massachusetts—the legislature may take the "advice" of the court before acting on a pending measure. Cases under this recent law must be real cases and real questions of right or legal relation must exist.

It is being proposed that industries by mutual agreement outlaw unfair trade practices, protect wages and employment conditions. But many of the things its more progressive members would like to do, in the minds of the timid, run counter to the antitrust laws. May the Declaratory Judgment Act be used to remove the uncertainty heretofore existing as to the legality of such undertakings? In my opinion it can be so used to great advantage. True, there are some things as respects commerce among the States, which we all know to be taboo. But there is a wide area of present doubt in the minds of many business men, which can be dissipated by appropriate action under this law.

BELLRINGERS



Non-stop Flight of Taxes

AUTOMOBILISTS who know the ABCs of ownership are put in a way of changing "T" for Transportation to "T" for Taxation.

Two million Americans—2½ times the population of the city of Baltimore—have been forced to give up their automobiles.

Why?

The National Economy League gives the answer. In 1934 American car owners paid:

(a) nearly \$300,000,000 for licenses

(b) more than \$750,000,000 in taxes on gas and oil

(c) nearly \$270,000,000 in taxes were added to the price of automobiles, about \$1,320,000,000

Reasons enough, the League believes, for spreading the report that American car owners paid last year more taxes by \$250,000,000 than the total amount American makers received in 1934 for new cars.

It isn't the first tax, it's the keepup.

"And then
I showed him
Why"...



THE QUESTION of the most economical system for checking the watchmen is very largely a matter of arithmetic. All things considered—cost of equipment, confidence in its unalterable record, credits for its use and the various other factors that enter into such an accounting—in the large majority of cases the Detex Watchclock System is the most economical.

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The New Tax Plan

(Continued from page 26)

to those who get \$5,000 or less a year. Here are some facts based on studies of income figures:

Those receiving incomes of \$5,000 and more in 1933 accounted for less than ten per cent of the entire national income—the lowest percentage received by this group since 1916 when the figures first became available. Assuming that each individual with a net income of \$5,000 or more is supporting slightly more than three dependents—and this is probably too low a figure—the data would indicate that around three per cent of our entire population are now receiving around ten per cent of the national income.

Those with incomes exceeding \$100,000 in 1932 and 1933 accounted for one per cent of the entire national income.

The common assertion being made by propagandists and politicians is that about two per cent of our people receive or control from 60 to 80 per cent or more of our income and wealth. The truth of the matter is exactly the reverse of popular misstatements. Around 97 per cent of our population receiving incomes of \$5,000 or less a year have, in recent years, accounted for 85-90 per cent of our entire national income.

If in 1933 the entire income of all those receiving \$5,000 and more had been confiscated and redistributed evenly to the remaining 120,000,000 people, the *per capita* increase for each would have been exactly \$35 a year!

Who then must pay for these borrowings? Not those with million-dollar incomes. They haven't enough. Not even those with \$100,000 incomes. They haven't enough. The men and women who will pay are those who have \$5,000 or less.

Here's the way a correspondent puts it:

My newspapers told me that the Government is about to soak the rich. Then they told me that soaking the rich wouldn't bring enough money really to help and they would have to soak the smaller fellow.

At the same time I learn that Mr. Ickes is advancing the Government money for slum clearance somewhat in this way: Forty-five per cent an outright gift, the other 55 per cent to draw three per cent interest, payable from the rents and to be amortized in 60 years. That's fine, but who is going to pay the 45 per cent? Must I?

I am a small fellow with a salary of \$5,000 and I am living in an apartment that costs me \$70 a month, and that is pretty hard on me with the present high cost of food and other things. Now if the Government really gets at me to pay that 45 per cent on this slum clearance, the first thing I have got to do is to give up my apartment and move into a cheaper one. Is that the way we are going to equalize wealth, by putting me down nearer the slum class? If it is, I want to know.

The presidential proposals then are not to be considered seriously as revenue measures. We must either stop

spending or levy on the great mass of men and women of modest income. Turn again to the message to find the real purposes:

The very sound public policy of encouraging a wider distribution of wealth. . . .

Social unrest and a deepening sense of unfairness are dangers to our national life which we must minimize by rigorous methods. People know that vast personal incomes come not only through the effort or ability or luck of those who receive them, but also because of the opportunities for advantage which Government itself contributes. Therefore, the duty rests upon the Government to restrict such incomes by very high taxes. . . .

The smaller corporations should not carry burdens beyond their powers; the vast concentrations of capital should be ready to carry burdens commensurate with their powers and their advantages. . . .

Penalizing bigness

Take the last of President Roosevelt's proposals, that corporations should pay higher taxes on higher net incomes. This measure is obviously not based on ability to pay, but rather is intended to penalize bigness.

Here is proof from the recent report of the United States Chamber's Committee on Federal Finance:

The lack of logic and equity in taxing solely according to size of income can be illustrated by the income statements and balance sheets of two active corporations for 1934. The first company has a capital of about \$847,000,000, and earnings at 2.65 per cent amount to \$22,500,000. The other company has a capital of \$600,000, and earnings at the rate of 32.8 per cent amount to \$197,000. The first company, although it is earning but 2.65 per cent on capital invested, would pay an income tax under the proposals at the rate of approximately 17 per cent, while the second company, earning almost 33 per cent on its capital, would pay income taxes at the rate of about 14 per cent.

Wouldn't it be almost as logical to levy income tax on the weight of an individual? Or a poll tax of \$2.00 upon John Smith who is 6 ft. 4, while William Jones, who is 5 ft. 4, gets away with \$1. We might argue that John Smith because of his bulk is a menace, or that he should carry burdens commensurate with his height.

It is difficult now to estimate the result of such a program of penalizing larger net incomes of corporations as against small on the economic welfare of the country. It is easy to conceive of a canning company with plants in Maine for canning corn, in Maryland for canning tomatoes, in another state for can-

ning peas. If its net income brings it into the higher tax class, how strong would be the temptation to break up into several units to obtain lower taxation even at the sacrifice of some efficiency and possibly to avoid the necessity of raising prices to the consumer? President Roosevelt talked after the decision of the Supreme Court of going back to the horse and buggy age. Isn't the tendency of this Administration to drive us back to the horse and buggy age?

President Roosevelt would also penalize individual wealth whether acquired in the form of income or by inheritance. It is easy for such a program to find popular favor.

There has been a long parade across the front pages of ostentatious spendings of those to whom great wealth has come without effort. It is easy to raise the cry "take it away from them" and to find sympathetic listeners. To be sure, every such item might be balanced by a dozen other instances of wealthy men spending wisely. Unfortunately, wisdom never makes as readable news as folly.

But the real question in this plan to punish wealth goes deeper. What will be the effect on our American growth, on the comfort and happiness of the mass of the people?

Could there be another Ford?

HENRY FORD is a case in point. He has accumulated a great fortune. In so doing, he has widened the vision, increased the happiness, helped to educate hundreds of thousands of his fellowmen and women.

Washington has talked of the "more abundant life." Henry Ford has done more to make life "more abundant" than all the professors who ever descended on Washington.

Would Ford have gone on as he did if he had felt that he would be regarded as a public enemy and penalized for success? Will other Fords with other ideas retard their efforts and be content to keep their industries small since littleness is inoffensive and bigness brings down punishment?

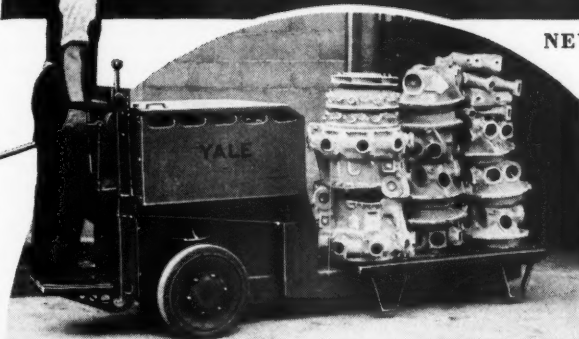
And what of the future of the Ford plant under tax laws which upon his death would take 70 or 80 or 90 per cent of the estate? Can it survive and minister to the wants of America? Or will it have to be broken up to pay the tax collector?

There is no question more serious to this country than this one of taxation as a restraint upon growth. Suppose instead of crying "Soak the rich," we cry "Soak thrift," "Soak industry," "Soak inventiveness and ingenuity." —WARREN BISHOP.

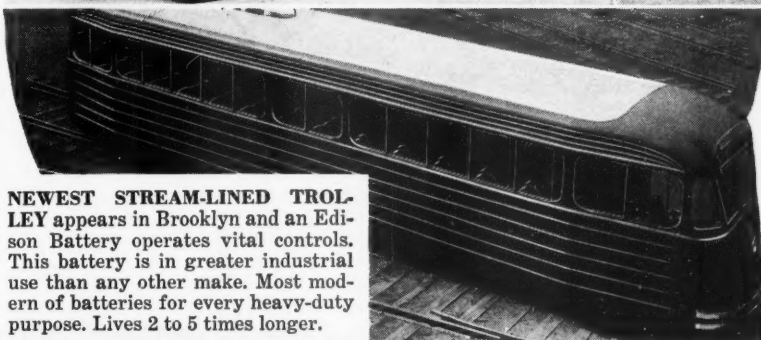


NEWEST AIRPLANE METAL is 90% magnesium, 10% aluminum — $\frac{1}{2}$ lighter than aluminum. Newest battery principle is nickel-iron-alkaline as employed in U. S. only by Edison. Lighter, more practical, more reliable.

MODERN BATTERIES ARE ALKALINE



NEWEST FACTORY HANDLING of American Magnesium Company's new alloy is by Edison-powered truck. Edison Batteries live longer, are thriftier and do more work in industrial, marine, mine and railroad fields. They're alkaline—not acid. Steel—not lead.



NEWEST STREAM-LINED TROLLEY appears in Brooklyn and an Edison Battery operates vital controls. This battery is in greater industrial use than any other make. Most modern of batteries for every heavy-duty purpose. Lives 2 to 5 times longer.



NEWEST HIGH-SPEED TRAINS on the Baltimore and Ohio are equipped with Edison Batteries. More reliable for lights and air-conditioning, lighter in weight, more economical... they are alkaline! Edison Storage Battery Division of Thomas A. Edison, Inc., West Orange, N. J.

New Ideas in Selling

A few notes on some of the things
which are transpiring along
the front line of selling

FHA: Under the stimulus of the Federal Housing Act and the Federal Housing Administration, selling tie-ups with home construction are sprouting here, there and everywhere.

A Boston department store, the Jordan Marsh Company, for example, has launched a "Home Development Plan" under which it will build, furnish, exhibit and later offer for sale seven model homes. An architectural contest for designs has been held, plans calling for houses ranging in price from \$5,000 to \$20,000. Announced purposes of the project: 1. To show how much one can build for today for how little, and what proportion of expenditures FHA will help in financing. 2. To show how reasonably one can furnish or refurnish a home today. 3. To familiarize the public with FHA financing arrangements.

On the other side of the continent, another retail store, Barker Brothers of Los Angeles, has set up a good-will builder in the form of a Home Advisory Bureau. Here, in addition to particulars concerning FHA loans, full information and advisory service is offered on all phases of home planning—real estate, designing, building and decorating. The store itself handles only furnishing and decorating, referring customers to reliable architects, builders, contractors, real estate agencies, etc., for the other services. The Bureau makes no charge to customers for its services, nor does it collect commissions on work it turns over to architects and others. It operates on a reciprocal basis with these latter, merely asking that they advise the store when they sell a lot, design a house, etc., so that the prospective home owner can be placed on the store's prospect list.

Leaving the retail field, we find the General Electric Company engaging in a "New American Homes Campaign," announced objective of which is the construction of 1,300 modern homes by September 1. The plan calls for formation of committees, composed of GE dealers, public utility representatives and builders in each community, for the purpose of constructing one house for each 100,000 of population. An architectural competition also served as a prelude to this campaign and a selection of the best plans are being made available to builders. The latter are actually responsible for homes, with the aid of FHA and local banks. General Electric will extend credit to electrical dealers and distributors to cover the basic electrical equipment involved and will assist in publiciz-

ing and promoting sale of the homes.

Local chambers of commerce have also been exceedingly active, first in promoting home modernization and, more recently in the actual erection of model homes. An instance of the latter is supplied by the Yonkers (N. Y.) Chamber which, jointly with the Better Housing Committee of the FHA, sponsored erection of an ultra-modern steel and concrete "Home of Tomorrow." Products of Yonkers factories and retail stores were liberally used in building and furnishing the home, furthering the Chamber's "Buy at Home" and "Buy Yonkers Products" campaigns. Primary purpose of building the home, however, was creation of public interest in Title Two of the Federal Housing Act through visual demonstration of the low cost at which a thoroughly livable house could be built. Actual construction of the house was under the direction of the Chamber's Exposition Company. The finished and furnished structure was on exhibition for a number of weeks before it was awarded to a patron of the Yonkers' Better Homes Show in June.

A cruising country store: When Rea & Moore, crossroads storekeepers of near Logansport, Ind., found that the farm people weren't coming to their store as frequently as of old they decided to take their store to the people. An old truck upon which they built a tight body, lined with shelving sufficient to carry stock for a day's trade, served as the vehicle.

During the first four months of their experiment their business had quadrupled. The travelling store is on the road five and one-half days a week, covering a seven-mile radius and visiting some 200 farm houses. The truck is driven direct to the door-yard, a flight of steps is set down and the farm wife is soon in among the groceries. She helps herself from the shelves, and pays in either cash or eggs, or both. The touring grocers meet Logansport prices on both eggs and groceries.

The service has proven popular for unanticipated reasons. As one farm woman remarked, "It takes time and trouble to get eggs ready to take to town. And after you get there you have to carry them two or three blocks since you usually can't find a parking place near the store." Thus the travelling store removes a burdensome part of the farmer's Saturday afternoon trips to town.

Overhead? Not more than \$1.25 daily for gas and oil, Rea & Moore estimate, since only about 15 miles a day are travelled. Cost of building the new body on the old truck was \$65. Less expensive on the whole, the proprietors feel, than sitting at the crossroads waiting for business to pick up.

Odd Lots: Latest products to don moisture-proof transparent cellulose wrappings include corn-on-the-cob and wooden rosettes for use with wall-board paneling. . . . A firm of Cleveland jewelers provided this postscript to the chain-letter craze: "Have you invested good money in a chain letter, and now can't pass it on? Well, all is not lost! Harburger's will take your letter and give you full credit for one dollar on any purchase of \$5 or more." . . . A St. Louis retail furniture store offers its installment customers a "wage earners' protective bond" which provides for cancellation of the unpaid balance of the account "in the event of death through any cause of the customer." . . . Preceded by an advance agent and mail notices, a modern wholesale trade caravan in the form of an 11-car "Merchandise Express" has been dispatched on a 3,000-mile rail tour of the Mississippi Valley trade territory by Marshall Field & Company.

—PAUL H. HAYWARD



With the double aim of encouraging home construction under FHA loans and promoting use of Yonkers products, the Yonkers (N. Y.) Chamber of Commerce recently participated in the building and display of an ultra-modern steel and concrete home

© 1935, R. J. Reynolds Tob. Co.

ATHLETES SAY :
**"THEY DON'T
 GET
 YOUR WIND"**

"CAMELS ARE such a mild cigarette," Miss McKim says, "that I can smoke them steadily. They never bother my wind."

GENE SARAZEN:

"It is a very important point that Camels are milder. They never get my wind or upset my nerves."

JOSEPHINE MCKIM, member of two Olympic swimming teams, and former holder of U. S. national and world records in many free-style events. "One of my rules in connection with smoking," she says, "is that I always choose a Camel. 'I'd walk a mile for a Camel!'"

**YOU'LL LIKE
 THEIR
 MILDNESS
 TOO!**

LOU GEHRIG, "Iron Man of Baseball," says of Camels: "I like their mildness. Camels never interfere with my wind."

BILL MILLER, 4 times U.S. sculling champ: "Camels never get my wind or endurance. That's because they are so mild."

WHEN CHAMPIONS POINT to one cigarette and say: "Camels don't get your wind"—it's evidence of real mildness. Smoke them freely! Camels are so mild—never get on your nerves ...never tire your taste.

COSTLIER TOBACCOS!

- Camels are made from finer, **MORE EXPENSIVE TOBACCOS**—Turkish and Domestic—than any other popular brand.

(Signed) R. J. Reynolds Tobacco Company
 Winston-Salem, N. C.

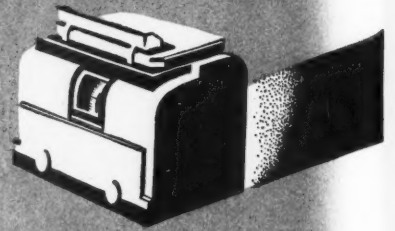
Camels

**SO MILD YOU CAN SMOKE
 ALL YOU WANT**



RE-DESIGN...

a recipe



FOR RESULTS

Highly significant is this frequently recurring statement in the sales literature of successful manufacturers:

"Not only have we improved the principle upon which our product operates, but also we have improved its efficiency, its convenience, and its appearance by making many of the parts of Aluminum."



That is a recipe for re-design which recognizes fundamentals.

Today every prospect for your product is an engineer of sorts. Customers know, rather definitely, what they do *not* want.

Emphatically, they are turning thumbs down on weight. Massiveness is outmoded. Heaviness is antiquated. Mobility is esteemed. Lightness in moving parts is recognized as an essential to efficiency.

Manufacturers, who are alert mer-

chandisers, meet that demand by using more and more Aluminum. Nature made Aluminum light, and research has made it strong.

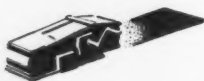
No longer do customers countenance untimely deterioration from exposure. Products are now expected to retain a pleasing appearance as long as they last.

Again, shrewd manufacturers turn to Aluminum. Nature made it stable when exposed to weather and to many special sources of corrosion. Research has improved that stability.



Our engineers will help determine the suitability of Aluminum; the most practical and economical form of the metal to be used, and the best method of fabrication.

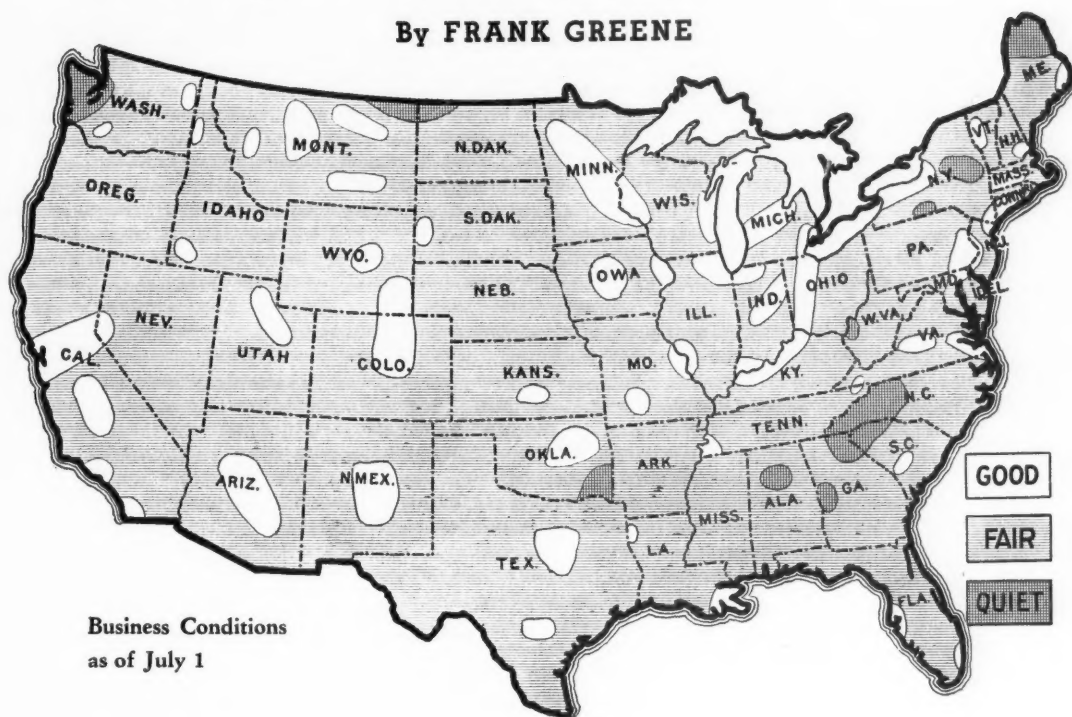
We invite you to take advantage of the fundamentals of Aluminum by asking for just this kind of help. ALUMINUM COMPANY OF AMERICA, Gulf Building, Pittsburgh, Pa.



forward via fundamentals

The Map of the Nation's Business

By FRANK GREENE



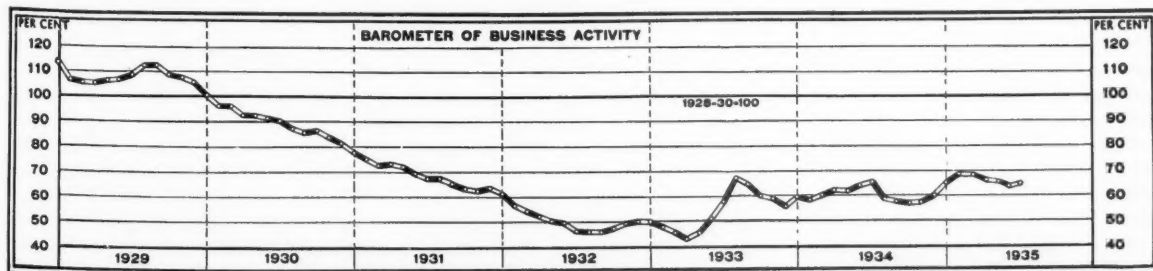
JUNE happenings point to a gain over May. Results for the six months confirm the opinion that the course is still upward. The crop position at mid-year promises better than a year ago. Farm products register this in lower quotations although high prices of meats are still reported holding down consumer buying.

Commodity prices as a whole, although a shade off for the month, continue at about the highest level since November, 1930. Stock market prices rose for the third successive month, industrials advancing to a four-year peak, but sales for June were small.

Threats of a bituminous coal strike expanded production and shipments. Electric power output rose to record mid-summer levels. Machine tool manufacturers report second quarter sales the best since the depression began.

Cigarette output may beat last year's record, while cigar production is the largest since 1931. Cotton consumption has lagged since February while that of wool heavily exceeds 1934.

Pending clearer views of crop outturn, the map in surplus producing regions shows few changes



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The Barometer rose slightly in June, aided by threats of a bituminous coal strike which unseasonably swelled carloadings

Commuting the Death Sentence

(Continued from page 42)

what they had. For what they paid \$100, the average price is now somewhere between \$20 and \$30. Now, they look up and see their great Government, led by the gentleman from Texas (Mr. Rayburn), trying to take away from them the last few remaining pennies of what they had invested.

Take vengeance upon them? All right, so be it, we care nothing for them, let us say, whether they be widows, orphans, bankers, or millionaires. They have no right to thwart progress and the general welfare. So let us then dismiss them. Then I ask whether, in your desire for vengeance, you are willing to reach over the heads of those who have invested in the companies and to strike down the welfare of your country?

This measure is highly deflationary. It is even now having a bad effect upon business. It halts enterprise. It strikes at confidence. It retards recovery. In no sense of the word can this be called a recovery measure. There is nothing about it to put a single man or woman to work.

To the contrary, it discourages enterprise. It prevents development. It tends toward the time of a collapse in the electrical industry when many, many men now at work will find they have lost their jobs. It strikes a serious blow at heavy industry. It may retard recovery for an indefinite time.

That is the issue. It appears in many sections of the bill.

The bill is a mystic maze. A man of average intelligence wandering into it will soon find himself hopelessly lost. After weeks of study the most intelligent man will still remain in doubt as to what the bill means.

♦ ♦ ♦

Of course, I do not know what was in the minds of those who wrote the bill. You cannot deduce it from the bill. Suffice it to say that the bill was "fearfully and wonderfully made," and that every syllable was loaded with arsenic. The utilities charged that the bill had an insincere purpose, that it was designed to produce chaos and ruin in the electrical industry so that out of the shipwreck might be salvaged government and municipal ownership and other kindred spoil.

Looked at from its face it would well warrant such a charge as has been made. It seems to be designed to baffle, to harass, to ensnare, to enmesh, to confuse, to produce a situation beyond the wit of anybody to get

through with. Our committee have cut some of these webs, we have destroyed some of the snares, we have made this bill into a bill that a reasonable, honest man can afford to vote for, a reasonable and fair-minded man who wants to regulate the utilities, who wants to do justice and who has a due regard for the rights of others and for the welfare of his country.

The bill gives the Securities Commission powers exceeding any that should have been given; but I conceded them out of deference to my friend, Mr. Rayburn. The bright spot in this connection is that practically all actions of the Commission are subject to review by the courts. The original bill did not do that. In some instances it threw those who were committed into their hands upon the mercies of the Commission. Given an honest and an intelligent Commission, I do not fear the operation of this bill. If we should have a prejudiced and an unjust Commission, then I should fear for the interests committed to their mercies. This is the situation which confronts us. We are compelled to assume that honest and intelligent men can be found to run the Government. Otherwise we are lost.

♦ ♦ ♦

Section 11 of the bill, as passed by the Senate, provided that a holding company should not continue to control more than a single "geographically and economically integrated system." Who could have lived under those terms? The Consolidated Gas Company of New York, a \$2,000,000,000 concern. Thus, it was not the size of the company nor the amount of capital invested that was being aimed at; there was no purpose in that section to scatter aggregations of capital, because the Consolidated Gas Company, which is an "integrated" system, would be preserved.

It was not geographical size that was aimed at, for the American Gas Company would have been preserved under that section. The American Gas Company is a holding company of a single integrated system which stretched from North Carolina to Michigan, and includes Virginia, West Virginia, Ohio, and parts of several adjoining states—"a sprawling empire," to use the pet phrase. Yet that company would have been preserved by section 11. So it was not that kind of situation that was aimed at. If the American Gas Company had owned a plant in Charleston, W. Va.,

and another in Columbus, Ohio, just two plants, and they were not connected in any way, then the American Gas Company would have been put out of business. That is the sense of section 11; that is the sense of the Senate amendment.

You are sensible men: I do not need to argue with you about a situation like that. What difference does it make whether the American Gas Company owns the territory solidly from Newport News to Detroit or whether it owns a few plants between those points? What harm will be done in the one case more than in the other?

What does section 11 of the committee bill do? It provides that, if the Commission shall find that the situation of any holding company owning more than one integrated system is detrimental to the public interests, the Commission may require the holding company to divest itself of all except a single system. That is the difference between the two sections. In the House provision the public interest is made the guide by which the Commission will know how to proceed. The Senate bill would go after this situation with a meat ax and would destroy good, bad, and all, except those particular companies which happen to be in the peculiar situation to fit in with the arbitrary and capricious provision which was adopted. That is the issue on this provision of the bill.

♦ ♦ ♦

The [Federal Trade] Commission set some capable gentlemen to work. They began to dig into the utility-company records and papers. They would dig in, and when they found anything wrong they would rise up and trumpet it to the world. I am reliably informed that the Federal Trade Commission issued during its investigation some 300 newspaper releases telling what they had found wrong with the utilities. They spent more than \$2,000,000 in getting material to put out. They succeeded in building up a strong public sentiment against utilities. It was like writing the story of a man's life in which you tell every unworthy deed he ever did and every unworthy thought that ever entered his mind and ignore altogether all the good things that might have been said in his behalf. And which among you gentlemen could stand up with that kind of a biography?

So they whipped the country into

a rage; they formed a public opinion, especially among those who had the least information and hence are most suspicious.

Demagogues grasped their opportunity and agitators saw that the time was ripe for them. So, like vultures riding the storm, they mounted upon this wave of ill will and opinion against the utilities. They have continued to ride right down to this time.

♦ ♦ ♦

I deplore these outside influences. There is the Tennessee Valley Authority, with its program of propaganda slipped into school literature and put out to the people through publicity agencies. At the expense of the taxpayers they are converting the people to the idea of more power and more influence for the Tennessee Valley Authority, that they may have authority not only to save men's bodies but to take care of their souls.

For that matter, public officials here in Washington are not guiltless. They have done their part. I criticize nobody.

♦ ♦ ♦

I have never made the slightest pretense to liberalism, or any other kind of "ism," except democracy of the old-fashioned southern type. I have never posed as a liberal, but I have tried to be a Thomas Jefferson Democrat, and of that I am not ashamed.

And if, in following that star, my path should lead away from some of the courses which are now being pursued, then I am content to take the responsibility.

May I ask, since when has liberalism been the synonym for irresponsible experimentation and the reckless disregard of liberty and property rights? Such a liberalism is a stench in my nostrils.

I would like to go along with the chairman of the committee. It pains me deeply not to do so for I am greatly attached to him. But before my affection for the chairman must come my duty to my country, and whether it be propaganda from one source or another, whether it be influence brought to bear by officials of the utilities or by their stockholders, or whether, on the other hand, it be the threats of the demagogues and the agitators, or whether it be to oppose the will of the Chief Executive of the Nation, I will do what I think is right. I will support "regulation" and not "destruction"—correction and not vengeance. I will do justice without fear or favor, and neither the imps of darkness nor those who have seen a new light shall move me. Upon this rock I take my stand. "And the gates of hell shall not prevail against it."

Monroe "Velvet Touch" speeds figure work for U.S. Industrial Alcohol Co.



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A phone call to the nearest Monroe branch, or a letter to the factory will put a "Velvet Touch" Monroe to work on your own figures. No obligation. Monroe Calculating Machine Co. Inc., Orange, N. J.

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Leadership
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TVA as the Valley Sees It

(Continued from page 24)

Corps of Engineers in three separate studies at from \$846,320 to \$926,413. Norris Dam will prevent at least half the present average flood damage."

As a business proposition this saving would not be worth while at the cost. But the series of dams in building and proposed would permit the manufacture of tremendous electric power. Only three outlets have as yet been proposed for this power. One is in the territory now covered by privately owned utilities. A federal court has questioned the Government's right to engage in competition in business with its citizens. This has yet to be passed on by the U. S. Supreme Court. A second outlet is in the creation of new industries in the Valley or the importation of existing industries. No new industries seem to be in sight at present. That is to say that no industry that does not exist somewhere else in the United States has yet been discovered, although there has been talk of a new process for making ceramics.

Competition in factory-getting

MANUFACTURING communities have so vigorously resisted the suggestion that their industries be moved to the Tennessee Valley that the TVA has officially denied that it has any such thought in mind. It is assumed, of course, that once the TVA has an abundance of cheap power to sell, those industries which may be advantaged by the raw materials available in the Valley and are not deterred by the distance from good markets will move in. The third outlet possible is in the cottage industries over which the TVA is enthusiastic.

"What are they?" I asked.

"That will be worked out in time," was the reply.

But it has not been worked out as yet. Meanwhile I encountered one cottage industry which had taken advantage of the TVA offer and I am still grieving over it. The story has an uncomfortable way of returning to my memory. In the flat lands near Muscle Shoals is a mildly prosperous farming community made up of Germans who settled there years ago. They had little money to begin with and they were compelled to buy worked-out lands, but excellent farming methods, unflagging industry and true Teutonic economy have made them independent. The farms do not appear to be good even now but they at least afford support to their own-

ers. For 28 years a German wheelwright has had a little shop in the settlement:

"I make anything that is made out of wood," he boasts. His mild blue eyes shine.

"But nothing is made out of wood nowadays," his wife interpolated. "He hasn't had a job for two months."

A motor did no good

THE sun shines through cracks in the shop roof. The rain blows through holes in the wall. But the old man was courageous and forward-looking. When the new cheap TVA power came in he bought a little motor and hitched it to the old machines with which he once turned spokes and wagon tongues:

"Our savings he took and he hasn't had a job," said the old wife. "We don't know what we will do—. We used to live like respectable people and now we live like trash—."

The power motor did not do the old wheelwright any good. The market is not there for the things he makes. The TVA's vision is of mountain sides sparkling at night with the electric lights in the farm homes in which machines are turning with TVA power. The mountain people say that everything is at hand except a market. They can card and spin and weave their wool, but they do not know where they can sell the textiles they might make. Cooperative marketing is planned, of course, but they do not know where to find the co-operating market:

"The big woollen mills employ every method of economy known to the system of mass production," said a business man who has lived in the mountains for years. He is fortunately so situated that he can conduct his business at long range.

"If the TVA starts cottage looms in competition it will merely be bringing the sweatshop to the mountains."

Near his home is a little linen shop. The mountain women weave and embroider linens at home. They are works of art. Yet they only make four and one-half to five cents an hour and no one suggests that the little factory is gouging them.

Lees-McRae college at Banner Elk, N. C., in the edge of the TVA area, does what it can in the way of self-support. It has a small endowment, largely of utility stocks and bonds, but its 220 students try to work their way through the school. In the summer the college buildings are converted into an inn, which runs win-

dow-full most of the time. Eighty of the students work in the inn. The college has a dairy and a henery which pay. It also has a 60 bed hospital which is the largest and most up-to-date in any strictly rural community in the country—I think I am accurate in this statement—and an orphanage which shelters little chaps from homes that have been destroyed, and at no cost. Such an institution certainly has a pull over unidentified individuals in disposing of the products of its shops.

"What can we make which people will want to buy?" asked Edgar H. Tufts, president of the college. "Not many things, I am afraid, until the American people change their buying habits. They must prefer hand-made things to factory-made. And factory-made things are good—and cheap."

The head of the college forge is Daniel Boone, fifth in line of descent from the first Daniel Boone known to Americans. The Boones have been blacksmiths as far back as tradition runs. The first Daniel, if the family tale is true, became a woodsman because he preferred the rifle to the ancestral sledge. The present Boone is a true artist. Some of the things he has made would hold their own in any wrought iron company. But even with the advantage of the college salesmanship he could not devote himself to the things he likes to do.

"If we make these things," asked one mountain woman, "and sell them through these cooperatives, what will the storekeepers say?"

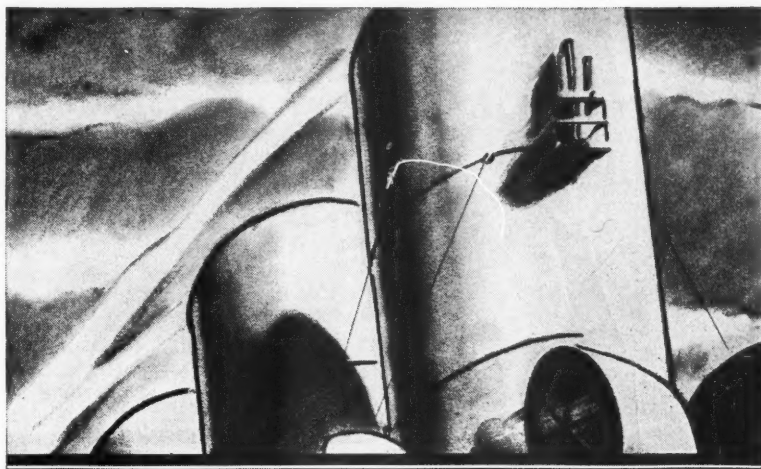
Storekeepers still want to live

THAT is another phase of the marketing problem the importance of which seems to be recently appreciated by the TVA. Some time ago an effort was made to create cooperatives through which the products of the Valley and the mountain could be made and marketed. Some success was met with. But the storekeepers pointed out that the more success the cooperatives had the more trouble the storekeepers would have. They had been hanging on for years, they said, not making any money, but hanging on. They thought they were entitled to consideration.

"But the TVA is not backing these cooperatives," it is now said. "It is merely advising—."

The storekeepers say that the TVA may not be putting money into the co-ops. But the TVA is putting money into state organizations, which in turn back the local co-ops. The competition remains the same and is based on government money, even if the line of descent is not quite so direct as it was at one time.

The storekeeper in a town in which



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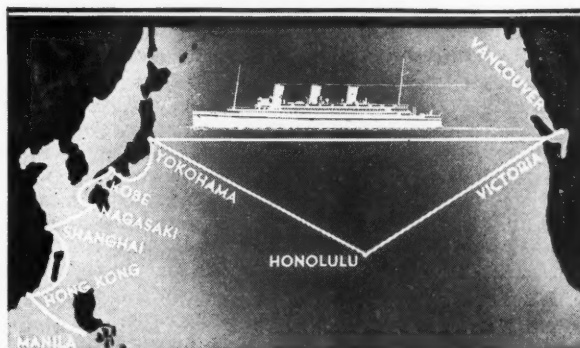
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Household wishes to acquaint executives with the details of these free services to families in need. Send the coupon for free samples of both.

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a co-op was successful last year was fairly lurid in his comment:

"By God," he said, "if the Government comes in here and tries to put me outen business I'll raise hell. You hear me."

In another store not far away the storekeeper shouted at a well meaning young man who was putting up a poster asking support for some charitable project:

"You take that down," he ordered. "We're not trash in the mountains, and I'll have you know it."

On the authority of those who know the mountain people well, not only the socially-minded people but the TVA organizers have failed to understand the quality of the people with whom they are dealing. A note of pity creeps into their voices when they speak of the mountain people. They tell of farms which have a net annual income of less than \$100—

"Not per person but per farm"—and of unpainted shacks and precipitous fields and bare-footed men and women. The measurement is by city devices.

They don't live in the city

THE lack of a telephone and electric lights and exposed plumbing and the movies distresses the visitors. They emphasize the fact that the mountain people come from the best native stock to be found in the United States—or as good as any native stock to be found—but by implication suggest that they have slipped so far that they must be rescued before they revert to complete savagery:

"They are the best people I know," said a man who has lived his life here. "And they live the best life."

The clue is to be found, according to the testimony of a dozen commentators, in one sentence in a recently published book of sketches called "The Cabin in the Laurel." I have not read it and I may be misquoting the words, but the meaning is this:

"The mountain man has nothing to spend but time. So he spends his time."

He does not work hard. There is little market for the product of his hillside farm. But he raises potatoes and a little corn and some hay and some vegetables. There are a cow and some chickens and a pig or two around the place and berry patches on the hill. Between times he hunts or fishes or just sits on the porch, his chair tilted against the wall. It is true that his cash income may not amount to more than \$100 a year, but he has leisure and content.

"If his sons want to go out to the city they can always find a way," said one of the sons.

He is the editor of one of the fore-

most newspapers in the Valley. He made his way out most successfully. The livelier boys have been doing that for generations, he said, and the quality of the mountain breed has been kept up by the fact that the women were obliged to stay at home and raise more sons. Now that business life has offered an outlet for the aspiring girls he does not know what may happen. The saving fact is that some of the best will always cling to the hills:

"They have mountain blood in them," he said. "They do not live in any essential particular differently from their forebears of King's Mountain days. Their wants are as simple. Enough food, a rifle, some fishline, a cabin with a fireplace in which to keep the embers glowing. Why should they be harnessed to a loom? And in any event who can harness them?"

The head of a department in the TVA organization came from the mountains not many years ago:

"My father and mother would not have understood what you were talking about if you had said that I was hungry," said he. "We always had enough to eat by our way of thinking. We always had enough clothes to wear. We lived in a 'storm-house' but it was a good enough storm-house. I did not want to get away because I felt myself deprived of any of the essentials of life. I wanted to do something else. My folks aided me to go."

There are poverty-stricken individuals and poor communities, of course. In one district no more than seven families had ever been given poor relief until the case workers came in with the Government's dole. The seven families had gone to seed. They would rather starve than work, but if they would work their neighbors would give them half a day's work now and then, and pay them for it in potatoes or corn. In one poor community the children are pot-bellied from malnutrition. But something is wrong in the blood here, too.

The teachers in the "furriners" school complain that they have been unable to find leaders among them. A leader, in school lingo, is a boy or a girl who wants to do something or go places. These boys and girls are content to stay at home. The mountain people can no more be rightly judged by these individuals and that community than New York can be judged by the gangsters who shoot at each other on Thompson street.

But if their wants are simple they are by no means a simple-minded people. They like their religion with burning brands and lakes of fire in it because that gives them the excitement they lack. Those who trade horses or guns with them find that they know values. And they are an

intensely self-respecting and independent people.

"Now and then one of them comes in on an errand and takes supper with me," said one man. "But he always brings me a chicken or a mess of squirrels when he comes in next time. The best way to lose a friend is to refuse his gift. No mountain man ever remains under an obligation—whether it be good or bad. They are the finest people I know and least to be pitied. Unless you are so constituted that a silk shirt is more important than self-respect."

Lowlanders may cooperate

IN THE flat country the situation is somewhat different. The cotton lands have been largely worked out. The share-croppers have been living on next to nothing a year and as the foreign market dwindles for cotton their prospects will grow worse. They can be enlisted for cottage industrial work more easily than the men of the mountains, according to the testimony of those who know them. But if they have no money with which to buy motors and machinery and no market can be found for their product—then what? And agreement is universal that they have mighty little money and as yet no market for the cottage industries has been reported.

It is true that this mountain and flatland labor has been exploited. The men and women have moved into factory towns and gone to work at machines for small enough wages, judged by any standard. A dollar has a value in the hills which it does not possess on Broadway. Families could go into town for a few months and come back with more actual cash in their possession, perhaps, than they had ever owned before. Many of them stayed on and became factory workers. Many of them have now returned to the safe refuge of the hills. But it is one thing to go to town for a job and quite another to buy looms and woodworking machinery and motors and establish a cottage industry.

"They will do it," said a mountain storekeeper, "if they can be shown. But they've got to be shown."

A "furriner" cannot drive up to a mountain man's house and ask him to give an account of his income and outgo. But the men who know their budgets told me that the mountain people lack the acquisitive instinct which has been bred in city folk. They may only make ends meet but that is all they try to do.

"Try to buy their land," he said, "and you will discover that their prices are sky-high. There is just one reason for it. The land is the only thing they have ever had and they are holding on to it."

Lower Manhattan Commerce Center

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The grouping of these buildings makes possible co-operative methods of operation and unique service facilities. Each foot of space has been designed to yield important advantages in efficiency, service and economy to tenants.

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(This is the second in a series of advertisements on Lower Manhattan Commerce Center)

What Bankers and Investors Discuss

Business goes to bat

BUSINESS gains in courage and, as it gains in courage, it grows stronger. It put up a brave fight against the evil features of the federal holding company bill and brought about modification in the House of Representatives.

It stiffened its backbone as to banking legislation, presented its case effectively, and the Senate Committee on Banking and Currency proposed substantial improvements in the measure.

Bills are not laws because they have passed one house or been altered in one committee, but it is encouraging to see business more ready to fight, to protest injustice, to assert its rights.

The banking bill again

THIS page a month ago said:

"June saw the opposition to the banking bill take shape and grow stronger."

It grew strong enough to produce in the Senate Committee changes which made the bill, if not satisfactory, at least more nearly acceptable to the business interests of the country.

The bill as reported to the Senate greatly altered the "Central Bank" provisions of Title II.

While increasing the authority of the Federal Reserve Board, the Senate Committee would check partisan domination of that body, not more than four members of which could be members of the same political party. The Secretary of the Treasury and the Comptroller of the Currency would no longer have ex-officio membership on the Board, although there is provision for one new appointive member.

A former requirement of law that members of the Board could be removed "for cause" would be reenacted, while the salaries and the terms of office of Board members would be increased. The Chairman and Vice Chairman of the Board, however, would be designated by the President from among its membership to serve as such for a term of four years.

The Senate Committee offers a compromise proposal on open market operations. Whereas the House measure would give power to the Federal Reserve Board to dominate such policies, the Senate group would place

this authority in the hands of a committee consisting of the Board and five representatives of the reserve banks. Under the Senate proposal, changes in the rediscount rate would continue to be initiated by the reserve banks rather than the Reserve Board, as contemplated in the House measure. Another important change is the elimination of the section providing that the Reserve Board shall have unlimited authority to change the reserves which member banks must hold against their deposits and to waive the requirements that must be met by insured banks applying for reserve membership.

The much criticized House proposal that the Federal Reserve Board would be required to exercise its powers to promote business stability does not appear in the Senate draft of the measure.

Money's wages are down

THERE was little in the mid-summer bank figures to indicate a marked increase in business activity. The Federal Reserve Board's figures of July 3 a year ago compared with July 3 this summer show a decrease in loans, an increase in cash and reserve with the Federal Reserve Banks and a still further increase in holdings of government obligations both direct and guaranteed.

In the same period demand deposits increased by \$3,000,000,000 to some \$15,500,000,000. The banks won't lend or business won't borrow—have it your own way, but in any event, an enormous amount of money is available with no place to go except into government and kindred securities. Secretary Morgenthau wants half a billion and a billion and a half is offered to him for four years and five months at an interest rate of 1½ per cent. New York State wants \$75,000,000 and sells its ten month notes at a rate of .35 of one per cent. Meanwhile interest in mutual savings banks in New York drops to 2½ per cent. The National City Bank of Cleveland announces it will pay on savings 1½ per cent up to \$10,000 and one per cent over that amount. A heyday for the borrower, at least the political borrower.

Take over the borrower

AT THE end of June there were in the United States 52 banks and trust

companies with deposits of more than \$100,000,000 each. Their deposits totalled \$18,695,000,000 and they held about 7¼ billions of government securities. In other words, of the depositor's dollar in these big banks about 40 cents has been lent to the United States Government. And holdings of Governments grew at a rate of better than six per cent in the six months preceding, while deposits were gaining at only a little more than three per cent.

The \$100,000,000 banks hold about 20 per cent of the outstanding public debt of the United States. If a bank had 20 per cent of the debt of a business corporation it might well insist on representation on the board. Perhaps the banks ought to be better represented on the board of the United States Government.

The banks and government

ORVAL W. ADAMS is executive vice president of the Utah State National Bank, also he is talked about for election to the post of second vice president of the American Bankers Association at their convention in New Orleans this fall. If he is chosen for that job he would, in 1938, be the president of that organization. If it follows its usual custom, the Association will name Robert V. Fleming of the Riggs National Bank of Washington as president this fall, Tom K. Smith of the Boatmen's National Bank in St. Louis as vice president and president in 1936. Whoever wins the second vice presidency would then succeed Mr. Smith.

However, Mr. Adams is not yet chosen, not even nominated. He is, to quote from a banking newspaper, "spoken of as a candidate."

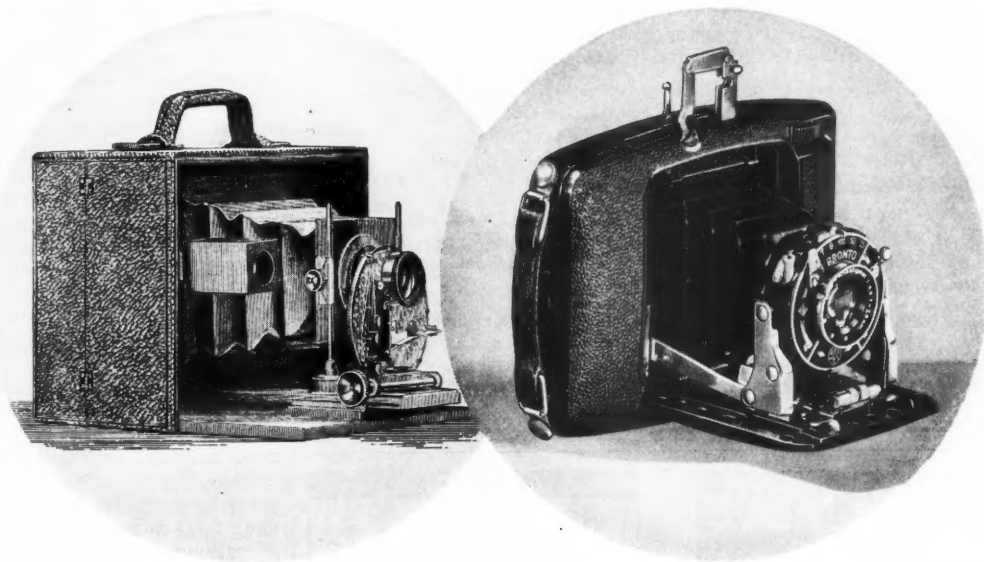
All of which is by way of introduction of Mr. Adams who has some positive ideas about the relations of the Government and banks. He told the Michigan Bankers Association that these things should be done:

A place of refuge must be preserved for the sound bank in the continued right to operate under a state charter and without membership in either the Federal system or the Federal Deposit Insurance Corporation. We should bend our efforts to insure the preservation of the system of state banks so as to make it possible for a bank to escape from the burdens of the insurance of the deposits of other banks, and conduct its business on its own worth and merit.

We can discontinue the purchase of government obligations so long as there appears no end to unbalanced budgets.

We must realize that, if confidence ex-

Product Designer & Bakelite Molded
REFORM THE CAMERA



NOT so many years ago the box-like plate Camera, at the left of the picture, was considered a marvel of compact simplicity and attractive appearance. But how awkward and cumbersome it looks today alongside the 1935 folding Camera, the creation of an artist-designer using Bakelite Molded for the practical and economical expression of his ideas.

The fine modeling of the Bakelite Molded case with its rich brown tones and lustrous surfaces make it

very pleasing to the eye, and its compactness makes it more convenient to handle and carry. Another advantage of the Bakelite Molded Camera is its lasting newness. Unlike the old covered camera it does not get shabby in appearance even under long and constant use.

Not only cameras, but scores of other articles and devices have been made practical, more attractive and more saleable through the use of Bakelite Materials and the talent of the

product designer. Just a few examples of these products are radio receivers, electrical appliances, office machines, furniture, wiring devices, instruments. It is more than likely that your product too could be improved through the use of Bakelite Materials.

To inform you as to the possibilities of Bakelite Materials we would be glad to mail, upon receipt of your request, copies of our illustrated booklets 1M, "Bakelite Molded" and 1L, "Bakelite Laminated".

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THE MATERIAL OF A THOUSAND USES

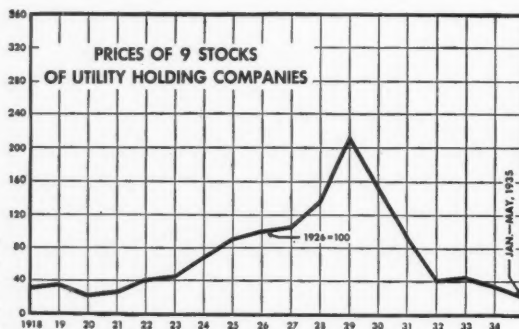
CAN UTILITY STOCKS COME BACK?

• Utility stocks can come back. They did come back—vigorously—a dozen years ago. The average prices of 9 gas and electric holding company stocks were approximately at the same level in the years from 1918 to 1921 as they have been in recent months.

They have failed to enjoy any of the recovery made by stocks of other industries during the last two years because of excessive taxes on utilities, forced and unreasonable rate reductions, direct Federal and municipal competition. Latest and most severe of these attacks has been the Wheeler-Rayburn bill to abolish utility holding companies.

Utility securities have a chance to recover much of their former value, because the electric and gas industries have bright possibilities for growth. But these possibilities cannot be realized if the industries are under constant attack.

Insist that your Government representatives defend your rights as investors.



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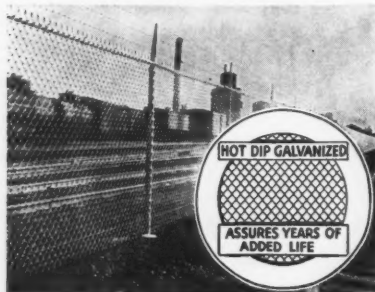


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ists, funds for the needs of business will be found, but that, so long as continuing and ever-changing experimental monetary and fiscal policies of Government prevent the return of confidence, so long as Government continues in competition with private enterprise and continues its threats and attacks upon business, so long as no limit is in sight to increasing debt and therefore to ultimate taxes, no amount of surplus funds available will result in restoration of business activity.

Financing a war

FROM Basle, where the Board of the Bank for International Settlements meets, came despatches saying that the European bankers did not see how "Italy can finance an Ethiopian War." Men in middle life turned back their memories to late June and early July 21 years ago when Europe lined up for the most terrific war the world ever saw, when wiseacres said:

"Well, it can't last long, the international bankers won't let it. They won't advance the money."

And the war lasted more than four years and at its end Germany—and others—had run short of the things that really make war, oil and coal and copper and food—not money.

Urging stabilized money

THE outstanding resolution adopted at the summer meeting of the International Chamber of Commerce in Paris had to do with monetary stabilization. The Chamber declared that postponement of stabilization was dangerous and that "permanent stabilization can be obtained only by the reestablishment of an international gold standard."

The International Chamber recommended these policies to governments:

That international exchange rates be stabilized as an indispensable necessity for the restoration of international trade, and that an international gold standard cannot function safely over a long period in the face of excessive restrictions to trade.

Where your money goes

WHAT happens to your money when you put it in the savings bank?

Not all banks treat it alike, but the Bowery Savings Bank of New York is typical of the larger banks for the smaller people. Its recent statement shows that its 419,000 depositors have an average deposit of a little more than \$1,200. For each \$100 a little less than \$3 is kept in cash, \$38 is invested in bonds, and \$50 in loans secured by mortgages or other means, \$5 is in real estate, and \$4 is accounted for by minor investments. The \$38 in bonds is divided: U. S. Government securities, \$13; state, \$3; municipals, \$8; railroads, \$12, and public utilities, \$2.

Where Your Job Comes From

(Continued from page 14)

Not so many folks walking up to the pay window now.

You will hear a lot about the troubles machines have brought on us—taken our jobs away and turned us into a nation of button pushers and bread lines. In my own lifetime I have seen 18 new industries take root and grow. Six years ago, these industries, such as electrical apparatus, rayon, automobile, air-craft and the like, provided jobs for more than a million men and women. Nobody knows the additional places they created in the distribution and servicing of their products.

And here is something to talk about: The number of wage earners in 1879 was a little more than 49,000 per million inhabitants. For 1929, the corresponding figure was about 73,000. The National Industrial Conference Board makes out that the average number of wage earners employed by the 18 new industries provided two-fifths of the increase in industrial employment in proportion to population.

Job makers

IT may be that invention and science are on the side of the devil, as some folks say, but these figures look less like the works of the underworld boss than something worth while made in America.

If we go back six years, we see that the United States had 208,000 factories. Their pay rolls listed about 8,800,000 names. Ninety-eight out of every hundred manufacturing plants were small, employing less than 500 persons. Less than two out of every hundred employed more than 500 hands. Three out of four employed less than 20 workers and almost one-half had less than five workers. Sixty-two out of every hundred wage earners worked in plants hiring 500 workers or less, and 38 out of every hundred had jobs in larger factories.

As for getting the goods in the hands of the consumers, the country had about one and a half million retail stores in 1929—four-fifths of which were "single store independents." The net sales were \$49,114,653,000, of which the "independent" cash registers rang up \$31,486,128,000.

People usually work around to the idea that a big country begets big

business. On the word of Dun & Bradstreet, one of our oldest mercantile agencies, there were nearly two million active industrial and commercial concerns doing business on July 1, 1934. About one in five had a capital of \$10,000 or more, approximately seven in every hundred had at least \$75,000 and less than three in every hundred had more than \$500,000 to work with.

Raising living standards

THERE'S a picture of business that you don't often see. It is you and I and all the rest of us making a living and raising the standard of living—seeing to it that people have more convenience and comforts to make life more enjoyable, less laborious. Is that wicked? Are you wicked, a young business man starting out by digging in a ditch? Is the man who hires you to dig a ditch wicked when he gives you a shovel and pays you a wage? Would he be more wicked if he gave



AS a boy you found out that even opening a lemonade stand in your front yard brought problems of finance, labor and investment. Yet some people think that business is a self-operating proposition

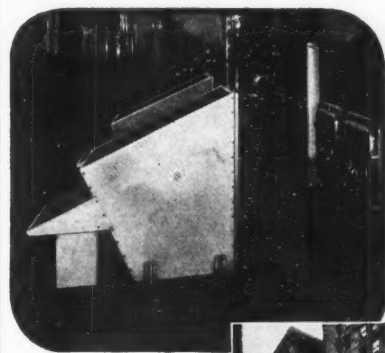
you a steam shovel so you could do more work with less effort? Am I wicked when my company develops and puts on the market a thing that is going to simplify life for a million people?

Theorists say we are. They talk about "decent standards of living" and a fuller life for everybody and then take a big club and sock down the very people who are doing their best to provide these things in the only way that they have ever been successfully provided.

That state of mind brands me as a

IRON FIREMAN saves \$3645 in one year

for Peoples Pittsburgh Trust Company



How Peoples Pittsburgh Trust Company saved 73c out of every fuel dollar at their Peoples Bank Building is a story of interest to every one who pays fuel bills.

Heating cost with purchased steam was \$4945.21 for the year ending September, 1933. At that time the building was equipped with its own heating plant and two Iron Fireman automatic coal burners were installed. In the first year of Iron Fireman operation fuel bills were cut to \$1299.41—a saving of \$3645.80 or 73%.

Peoples Pittsburgh Trust Company had ample precedent for installing Iron Fireman burners in the heating boilers of their main office building. An installation in their East End Branch had shown fuel cost savings of about \$2000 a year. In their Squirrel Hill and South Side Branches and in the Dollar Savings Bank, an affiliate, Iron Fireman had made substantial savings.

"We consider Iron Fireman equipment one of the best investments we ever made," states a Trust Company official. "Anyone needing automatic heat at the lowest possible cost should look into the Iron Fireman."

Quickly installed

An Iron Fireman installation in your own business or home heating plant would be a good stroke of business. You would cut fuel costs, secure steady heat, reduce firing labor costs, eliminate the smoke nuisance. Installation can be made quickly. Convenient terms of payment. Models for homes and commercial boilers up to 300 h.p. Write for literature and free firing survey. Iron Fireman Manufacturing Company, Portland, Oregon; Cleveland, Ohio; Toronto, Canada. Dealers everywhere.

IRON FIREMAN

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IRON FIREMAN MANUFACTURING CO.
3033 W. 106th St., Cleveland, Ohio.



Type of plant:

- | | |
|---|---|
| <input type="checkbox"/> Send literature | <input type="checkbox"/> Commercial heating |
| <input type="checkbox"/> Make firing survey | <input type="checkbox"/> Power <input type="checkbox"/> Residential |

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Time, that Tough Old Tester, never makes a mistake about pipe. His records show where Reading Genuine Puddled Wrought Iron Pipe lasts **LONGEST**—saves you the **MOST** money.

Honest advice on pipe problems is yours for the asking. Just write

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The cost of advertising in NATION'S BUSINESS is surprisingly low!

"Tory" or something, no doubt, but I don't mind and I'm not as discouraged as this letter may sound. After all, this country has outlived a lot of theorists. It's a pretty hardy institution, this United States of America.

Nine man-size wars and 20 well-developed depressions could not bust the works wound up and set going in 1776. In those days the total population amounted to four millions, about 4.5 to the square mile. The neighbor idea had hardly caught on. It was not healthy to leave the latchstring out.

The lives of a father and his son could span the 159 years that have passed since then but look at us today. We're no slouch of a country. Almost as big as all of Europe, a sixth of Asia, a fourth of Africa, a third of North America, a half of South America, just about complete coverage of Australia and the Pacific Islands. When noses were counted at the last census, 122,775,000 were checked off. The census said these people were distributed 41.3 to the square mile. False as that figure may seem in a subway rush, a bargain sale, or in Sunday traffic, it does suggest that America was cut full size—room to work, room to play, room to grow, room to get on with the great job of nation building. Nowhere is nature more natural, nowhere more bounteous.

I wasn't born in such a country. I came to it in the steerage in 1885. I forget how many of us were jammed in there on that passage, but almost every one of us was trying to put hard times behind him. We did what we could find to do. We were looking for the land of opportunity.

Seemed best by comparison

MAYBE the opportunity was not exactly as advertised, but, bad as the situation might seem, it usually was a treat when sized up against the old deal in Europe. That comparison never failed to put a new edge on courage.

For the most part, those people that came over in that boat stuck to such jobs as they could get. They took root and played the game for all it was worth.

This country is no stranger to hard words. Many people have spoken ill of it and used it badly. Sometimes they have had cause. Sometimes they have been such poor sports we have had to ask them to go back where they came from.

Have you ever noticed how many imported fault-finders and trouble-makers have fought to stay here once they were told they were not wanted? America looked pretty good to them then.

I left the East and came on out West. I won't tell you about that trip—I've told you the story on my knee a thousand times. The days of the gold rush and the prairie schooner were over, of course, but it wasn't an easy trip even then and old timers were still around who remembered when the swift clipper ship "Flying Cloud" had made San Francisco from New York in 89 days. In 1851 that was a record voyage around Cape Horn.

A more balanced view

THE last time I made the trip I used a plane. It took two days.

One thing about a plane, it gives you a new point of view, helps you to a truer measure of your opportunities than you can get on the ground. It is good to draw off from the world once in a while and get your bearings.

Up above the clouds and the disputes over worldly goods you can think things through. From your window in the sky you would see no state lines, no walled cities, no moulds into which life must be fitted. Just a land where men may freely come and go, settle where they will, live in peace, and prosper according to their wills.

Not much change from the original layout. The same mighty rivers, broad plains, towering mountains, thick forests, fertile valleys. Most of the sights the explorers raved about back home are still here.

What later men have done your eye would quickly report. Shelter in all its forms. Great towns, tiny villages, lonely farmsteads here and there, cabins and shacks no curiosity. Millions of comfortable looking homes. We don't specialize in palaces. The busy criss-cross of city streets, the lively networks of railways and highways freighted with travellers and goods somebody made for somebody's use.

And in every prospect your soaring eye would discover the spires of churches, the cupolas of school-houses, the stacks of factories. You would see a nation at worship, at books, at work, going about the important business of the hour, intent upon its own affairs.

A people that won't stay put; which has more patches on its tires than on its pants.

And what does this mean to you, as you are working in your ditch? Simply this:

Why should you fear for your future in a country that has never been afraid of its future?

Drop me a line and tell me how you're coming along. I'm interested.

Your Old-fashioned Uncle

The Legislative Attack on Retailing

(Continued from page 31)

impose graduated license taxes and graduated gross receipts or income taxes. These latter taxes are being tested in the courts, in view of the Kentucky decision.

Such a graduated gross receipts tax was voided by the Vermont Supreme Court this spring and a similar Wisconsin tax was invalidated June 4. The Wisconsin law, passed in 1933, included a substitute provision for a graduated license tax which automatically became operative when the gross receipts tax was declared unconstitutional.

In two other states, North Carolina and Florida,² notable changes were made in existing chain store tax legislation. North Carolina, with graduated license taxes already on the books, increased these taxes and added new upper brackets.

Florida also had graduated license taxes and in addition imposed a \$3 per \$1,000 tax on floor stock and county license taxes. On top of these, it authorized municipalities to place taxes equal to 50 per cent of the state tax.

In a law approved June 1, however, these taxes were raised to new and unprecedented levels and a graduated gross receipts tax added. Combined, they bid fair to accomplish or go beyond the purpose of another Florida bill, which failed to pass. That was the Tillman State Recovery Act, which prohibited new chains or expansion of old ones.

Under the Florida law as enacted one store is taxed the flat sum of \$10; chains of two and three stores \$50 a store; of more than three but no more than six stores, \$100; of more than six but no more than ten stores, \$200; of more than ten but no more than 15, \$300; of more than 15 stores, \$400. In addition, under the gross receipts tax, a single store pays one-half of one per cent of its receipts to the tax collector, chains of two and three stores pay one per cent, and chains in the other successive size groups two, three, four and five per cent. Thus a chain operating 16 stores, each doing a \$50,000 annual business, pays a \$400 license tax on each store or \$6,400, plus a tax of five per cent on the 16 stores \$800,000 gross receipts, or \$40,000. Adding the two, such a 16-store chain finds its annual tax bill under the new law to be \$46,400.

²J. B. Johnson, judge of the Circuit Court of Jacksonville, on June 29, held the Florida Act void in its entirety and granted a temporary injunction to restrain its enforcement.

A third measure, even more drastic than the Florida law, has passed both houses of the California legislature and, before this is printed will have been signed or vetoed by the Governor. This measure, known as the Cronin-McMurray Bill, provides a graduated tax starting at one dollar per store and progressing to \$500 per store for all stores more than ten.

In the upper brackets at least such taxes wipe out the advantages of chain operation and tend to eliminate them. An actual and recent example was the withdrawal of the Standard Oil Company of Indiana from service-station operation in Iowa, announced May 25 after the state passed the new chain-store tax law.

Without reference to the merits or demerits of chain-store tax laws, it should be reported in closing that independent retailers and others who have supported such laws in the past are beginning to feel misgivings.

Retailers face more taxes

THEY see revenue raising, as well as protection of independents, already emerging as a purpose of such legislation. They recall that retailers, as a class, have been exposed to perhaps more forms of special taxation in recent years than any other one group of business men. Now they see Florida, for example, in its latest "chain store tax" law raising the license tax on a single store from \$5 to \$10 and imposing gross receipts taxes on independents as well as chains. Small wonder that some of the more thoughtful independents are beginning to wonder if these forms of "chain store" taxes may not open the way to like levies upon themselves.

Sums thus far assessed against single stores under these forms of tax are admittedly small, but so likewise was the camel's head when it entered the tent.

More pronounced has been the feeling among many retailers belonging to voluntary chains who see and are alarmed by a trend toward inclusion of their own groups in legislative definitions of chains subject to tax. Legislatures in at least 11 states this year have considered bills which would definitely tax the units of a voluntary chain, a development which recently led the Voluntary and Co-operative Groups Magazine to declare that to support taxes on chain stores was like playing with dynamite.

You're Just the Right Age To Enjoy A Retirement Income

If you are old enough to retire, you can enjoy the safety and permanency of an annuity income, guaranteed for life. If you are young enough to prepare for it through a John Hancock retirement plan, you can enjoy the anticipation which, from our observation, is as satisfying as the achievement.

Why not learn about the various retirement plans now? Clip the coupon below for information.

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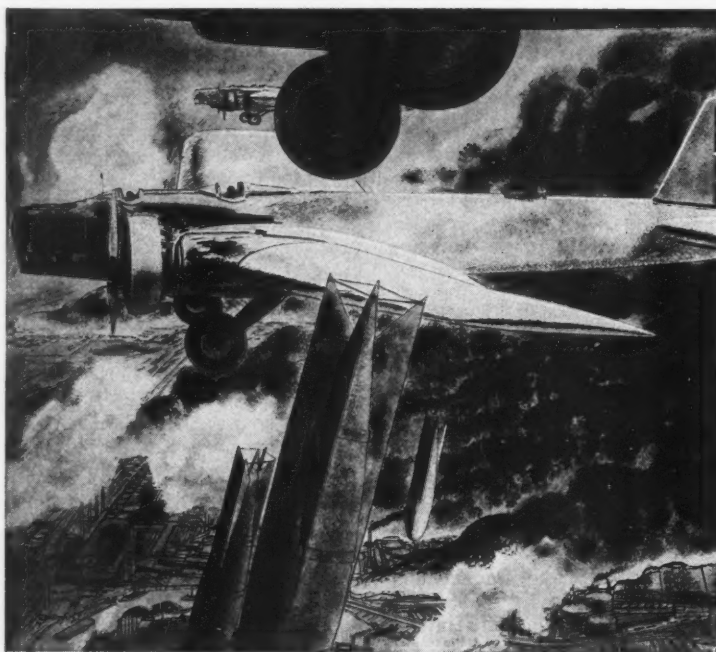
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"WHAT BUSINESS NEEDS IS ANOTHER WAR"

YOU HEAR that frequently nowadays, propounded, usually, by men who feel there can be no worse catastrophe than a passed dividend.

Much has been written to prove that the World War was the real cause of the Depression. But let's not get too involved in economics. Let's just consider the most shocking waste of the last war—the human waste . . . the *dead*.

17,000,000 men were killed.

They were good men, for it's part of the folly of war that each country sends the cream of its youth to slaughter. Can the world kill off 17,000,000 of its best men, and be as good a world thereafter? Most of those 17,000,000 would be spending today, building, helping families that need help, steadying people who are hot-heading the world into more trouble.

If those 17,000,000 were let live would the world be in its present mess . . . would another war be imminent?

Do *you* think the world needs another war? If you don't, stir yourself to action, for *action* is definitely needed.

. . .

This advertisement is one of a series by World Peaceways, for the purpose of stimulating realistic thinking about the facts of peace. It is a cooperative effort which your support can extend and enlarge. Address your letters and inquiries to: WORLD PEACEWAYS, 103 Park Avenue, New York.

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1726 this pipe was laid -still in service 1935



This pipe was laid in Germany during the reign of Frederick the Great



THE cast iron water main shown above has served the German city of Ehrenbreitstein for more than two centuries. Over his official seal, the Burgoemeister recently wrote, "The water main . . . was replaced in 1726 by cast iron pipes...crosses the much-frequented tramway . . . and lies partly under the provincial street to Arenberg with its heavy traffic. On the occasion of an excavation the enclosed photographs have been made . . . these show the position and the good condition of the pipes." Note that this pipe has bell-and-spigot joints. It is but one of many installations which demonstrate that the useful life of cast iron pipe is more than a century.

The four major economies resulting from the long life of cast iron pipe are due to its effective resistance to rust. Cast iron is the one ferrous metal for water and gas mains, and for sewer construction, that will not disintegrate from rust. This characteristic makes cast iron pipe the most practicable for underground mains since rust will not destroy it.

The 4 Economies of Cast Iron Pipe

1. Official records of cast iron pipe laid 100 to 200 years ago and still in service, prove that it is *cheapest in the end*.
2. Official reports on file in the office of a prominent technical publication, prove that cast iron pipe is *cheapest to maintain*.
3. Long-lived pipe obviously causes less street-opening for replacements and repairs. Therefore, cast iron pipe *saves money on street openings*.
4. When replaced by larger pipe, or a main is abandoned or rerouted, cast iron pipe *pays a final dividend in salvage value*.

For further information, address The Cast Iron Pipe Research Association, Thomas F. Wolfe, Research Engineer, 1014 Peoples Gas Building, Chicago, Ill.

Photo by courtesy Deutscher Gasrohr-Verband G. m. b. H., Cologne

CAST IRON PIPE

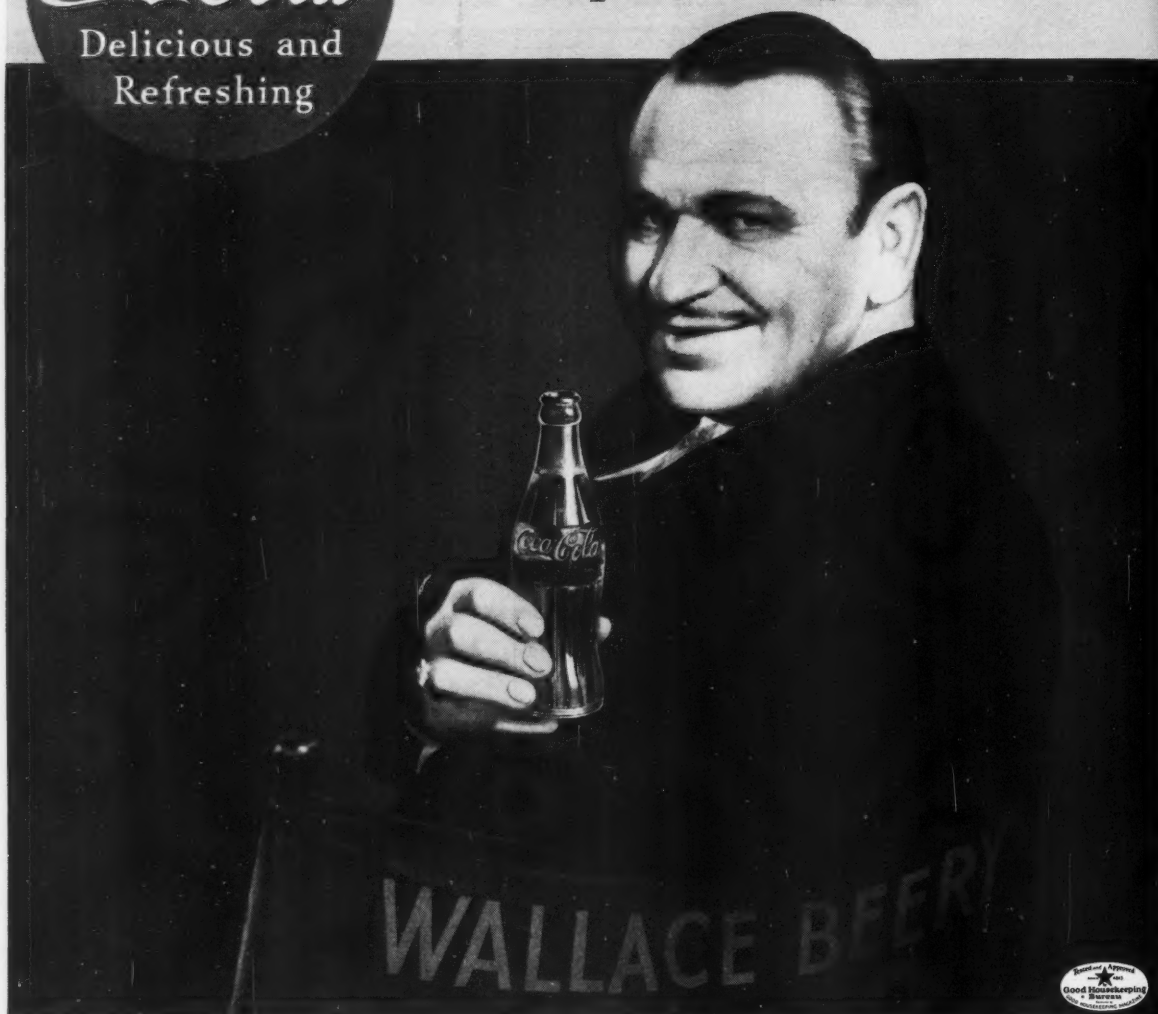
METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS



You do better work when
the pause that refreshes
plays a part



Wallace Beery without make-up, refreshing himself with ice-cold Coca-Cola as he contemplates another star part. See him in Metro-Goldwyn-Mayer's "West Point of the Air."

They work hard in Hollywood. To do so they make a pause really count. Behind scenes and between acts, they make it *the pause that refreshes* with ice-cold Coca-Cola... with life and sparkle that go quickly into energy... with wholesome refreshment that keeps you feeling fit for what's ahead. And you, in your busy day, like the Hollywood stars... will do better work when *the pause that refreshes* with ice-cold Coca-Cola plays a part.

COCA-COLA CO., ATLANTA, GA.

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